Manitoba Finance

Ministère des Finances

Annual Report 2011-2012

Rapport annuel 2011-2012

Manitoba

MINISTER OF
FINANCE

Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

His Honour the Honourable Philip S. Lee, C.M., O.M.
Lieutenant Governor of Manitoba
Room 235, Legislative Building
Winnipeg, Manitoba
R3C 0V8

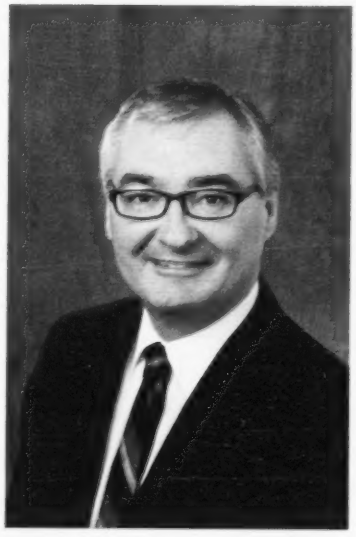
May It Please Your Honour:

I have the privilege of presenting, for the information of Your Honour, the Annual Report of Manitoba Finance for the year ended March 31, 2012.

Respectfully submitted,

Original signed by Stan Struthers

Honourable Stan Struthers
Minister of Finance



MINISTER OF
FINANCE

Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

Son Honneur l'honorable Philip S. Lee, C.M., O.M.
Lieutenant-gouverneur du Manitoba
Palais législatif, bureau 235
Winnipeg (Manitoba) R3C 0V8

Monsieur le Lieutenant-gouverneur,

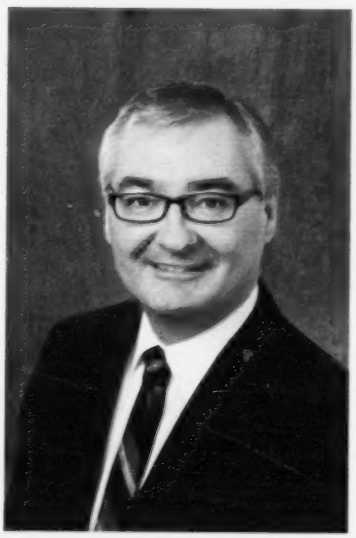
J'ai le privilège de présenter à Votre Honneur, à titre d'information, le rapport annuel du ministère des Finances pour l'année financière terminée le 31 mars 2012.

Je vous prie d'agréer, Monsieur le Lieutenant-gouverneur, l'expression de mon profond respect.

Le ministre des Finances,

Original signé par Stan Struthers

Stan Struthers



Manitoba

Deputy Minister of Finance
Room 109, Legislative Building, Manitoba, Canada R3C 0V8
www.manitoba.ca

Honourable Stan Struthers
Minister of Finance
103 Legislative Building
Winnipeg, Manitoba
R3C 0V8

Dear Mr. Struthers:

I am pleased to present the Annual Report of Manitoba Finance for the fiscal year ended March 31, 2012 for your consideration.

The report provides a summary of the key results for the five departmental operating divisions, Treasury Board Secretariat and the Francophone Affairs Secretariat.

Overall, Manitoba Finance's operational divisions, as well as Treasury Board Secretariat and Francophone Affairs Secretariat achieved performance targets and came in under budget. These targets are based on the different priorities, objectives and actions set out in our 2011 Budget Estimates.

The Administration and Finance Division provides executive administration, planning and management of departmental policies and programs. Key results include co-ordinating and supporting the development of the department's Annual Estimates in accordance with established timetables and accounting policies, reducing the total number of outstanding appeals before the Tax Appeals Commission, and a greater alignment of information technology investments with program needs.

The Financial Institutions Regulation Branch returned to the Department of Finance in January 2012, and is responsible for the legislative and regulatory framework for the growth and development of co-operatives, credit unions, caisses populaires, and the insurance industry in Manitoba. This branch also assists co-operatives, credit unions and caisses populaires, and their members through administration of *The Cooperatives Act* and *The Credit Unions and Caisses Populaires Act*, and provides education to consumers on insurance issues and handles complaints.

The Treasury Division manages and administers the cash resources, borrowing programs, and all investment and debt management activities of the government. They also manage the borrowing programs and investment activities for all Crown corporations and government agencies. Key results include maintaining debt servicing costs at six cents for every dollar of revenue, down from 13 cents in 1999. As a result, Manitoba continues to maintain its reputation for fiscal responsibility, having seen six credit rating improvements since 2002.

The Comptroller Division establishes and fosters a corporate comptrollership function for the Government of Manitoba. This includes the development and operation of financial and management systems in support of legislative and governmental decision making, service delivery effectiveness and accountability requirements. The 2010/2011 Public Accounts received an unqualified audit opinion, indicating sound financial management. Key results include an increase in new audit projects, continued participation in cross-departmental audits, conducting over 890,504 payment transactions, as well as issuing the Quarterly Financial Reports and Annual Public Accounts in accordance with established timetables and accounting policies.

The Taxation Division works to efficiently and effectively administer various provincial taxation acts. For 2010/2011, 99.9 per cent of amounts owing to the province were collected. Key results include measures promoting self-compliance, such as developing or updating informational bulletins for taxpayers, ensuring taxpayer queries were answered in a timely manner, and conducting new vendor reviews. The division also participated in joint investigations with other agencies and jurisdictions.

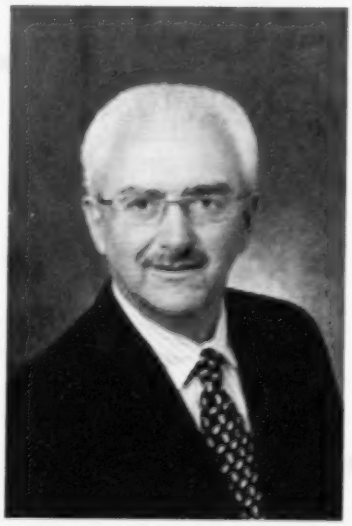
The Taxation, Economic and Intergovernmental Fiscal Research Division undertakes intergovernmental fiscal and policy relations, economic and fiscal analysis, tax policy formulation, and management of tax credit programs. Key results include preparing for negotiations regarding the renewal of federal transfer agreements, which will expire on March 31, 2014, and assisting the approximately 500,000 Manitobans who benefit from Manitoba income tax and tax credit programs.

Treasury Board Secretariat provides financial and analytical support as well as advice to the Minister of Finance and Treasury Board in fulfilling fiscal management responsibilities. Key results include the tabling of the 2011/2012 Estimates of Expenditure and Revenue along with Budget 2011, strengthening the government's capacity to measure, monitor and evaluate programs with the delivery of training sessions on performance measurement and reporting, and the negotiation and renewal of the Government Employees' Master Agreement with the Manitoba Government and General Employees Union.

The Francophone Affairs Secretariat provides advice regarding the development of services offered in French and the French Language Services (FLS) policy in general, as well as facilitating the implementation of the province's FLS policy, and providing assistance to the administrative bodies covered by the FLS policy. Key results include officially opening the Bilingual Service Centre (BSC) in Ste. Anne in partnership with South Eastman Health-Santé Sud Est Inc., continued planning, establishing Manitoba Business Gateways in several urban and rural BSC locations, and contributed, along with Culture, Heritage and Tourism and the Manitoba Arts Council, to the new funding program *L'Art en moi.*

It is an honour and a privilege to submit this report, which provides a summary of the valuable work accomplished by staff across the department.

Respectfully submitted,



Original signed by John Clarkson

John Clarkson
Deputy Minister of Finance

Manitoba

Sous-ministre des Finances
Palais législatif, bureau 109
Winnipeg, Manitoba
R3C 0V8

Monsieur Stan Struthers
Ministre des Finances
Palais législatif, bureau 103
Winnipeg, Manitoba
R3C 0V8

Monsieur le Ministre,

J'ai le plaisir de vous présenter, à titre d'information, le rapport annuel du ministère des Finances pour l'exercice clos le 31 mars 2012.

Ce rapport résume les principaux résultats obtenus par les cinq divisions opérationnelles du ministère, par le Secrétariat du Conseil du Trésor et par le Secrétariat aux affaires francophones.

Dans l'ensemble, les divisions opérationnelles de Finances Manitoba ainsi que le Secrétariat du Conseil du Trésor et le Secrétariat aux affaires francophones ont atteint leurs objectifs de rendement dans les limites de leur budget. Ces objectifs s'appuient sur la palette de priorités, de buts et d'actions énoncés dans notre budget de 2011.

La Division de l'administration et des finances s'occupe de la haute administration ainsi que de la planification et de la gestion des politiques et des programmes du ministère. Les principaux résultats comprennent la coordination et le soutien de la préparation des prévisions annuelles du ministère en conformité avec les calendriers et les conventions comptables établis; la réduction du nombre d'appels en instance devant la Commission d'appel des impôts et des taxes; et une meilleure harmonisation entre les investissements en technologie de l'information et les besoins en matière de programmes.

La Direction de la réglementation des institutions financières, de nouveau rattachée au ministère des Finances depuis janvier 2012, est chargée du cadre législatif et réglementaire destiné à permettre la croissance et le développement des coopératives, des crédit unions, des caisses populaires et du secteur de l'assurance au Manitoba. Cette direction aide également les coopératives, les crédits unions et les caisses populaires, ainsi que leurs membres, en veillant à l'application de la *Loi sur les coopératives* et de la *Loi sur les caisses populaires et les crédits unions*. Enfin, elle s'occupe de la sensibilisation des consommateurs aux questions d'assurance ainsi que du traitement des plaintes.

La Division de la trésorerie gère et administre les ressources de trésorerie, les programmes d'emprunt, les investissements et le service de la dette du gouvernement. Elle gère également les programmes d'emprunt et les investissements des sociétés d'État et des organismes gouvernementaux. Les principaux résultats comprennent le maintien des coûts du service de la dette à six cents par dollar de recettes, comparativement à 13 cents en 1999. En conséquence, le Manitoba continue de garder sa bonne réputation sur le plan de la responsabilité financière, ce qui lui a permis d'améliorer sa cote de crédit six fois depuis 2002.

La Division du contrôleur établit et développe une fonction de contrôle pour l'ensemble du gouvernement. Cela comprend l'élaboration et la mise en œuvre de systèmes financiers et de gestion qui facilitent la prise de décision dans les domaines législatif et gouvernemental, contribuent à l'efficacité de la prestation des services et respectent les exigences d'imputabilité. Les comptes publics de 2010-2011 ont reçu une opinion de vérification sans réserve, ce qui révèle une saine gestion financière. Les principaux résultats comprennent une augmentation des nouveaux projets de vérification, la poursuite de la participation à des vérifications interministérielles, la réalisation de plus de 890 504 opérations de paiement, et la

publication des rapports financiers trimestriels et des comptes publics annuels en conformité avec les calendriers et les conventions comptables établis.

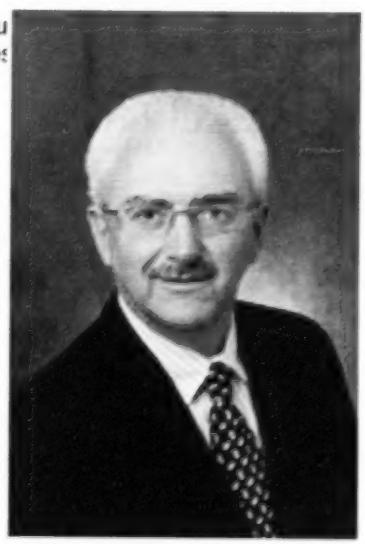
La Division des taxes et des impôts veille à mettre en application, de manière efficace et efficiente, diverses lois provinciales dans le domaine fiscal. En 2010-2011, 99,9 % des montants dus à la Province ont été perçus. Parmi ses principaux résultats, la Division a adopté des mesures d'auto conformité consistant, par exemple, à élaborer ou à mettre à jour des bulletins d'information des contribuables, à répondre dans les meilleurs délais aux questions des contribuables et à procéder à des examens des nouveaux fournisseurs. La Division a également participé à des enquêtes conjointes avec d'autres organismes et autorités administratives.

La Division des recherches fiscales, économiques et intergouvernementales est chargée des relations intergouvernementales dans les domaines de la fiscalité et des politiques, de l'analyse économique et fiscale, de l'élaboration de politiques fiscales et de la gestion de programmes de crédits d'impôt. Les principaux résultats comprennent la préparation aux futures négociations sur le renouvellement des accords de transfert fédéraux, qui arriveront à échéance le 31 mars 2014, et l'aide apportée aux quelque 500 000 Manitobains qui bénéficient de programmes de crédits d'impôt (y compris sur le revenu) du Manitoba.

Le Secrétariat du Conseil du Trésor apporte au ministre des Finances et au Conseil du Trésor de l'aide et des conseils en matière de finances et d'analyse, leur permettant d'exercer leurs responsabilités dans la gestion financière. Les principaux résultats comprennent le dépôt des prévisions de dépenses et de recettes de 2011-2012 avec le budget de 2011; le renforcement de la capacité du gouvernement à mesurer, à suivre et à évaluer les programmes grâce à l'offre de séances de formation sur la mesure de la performance et la présentation de rapports; et la négociation et le renouvellement de la convention collective des employés du gouvernement conclue entre la Province et le Syndicat des employés généraux et des fonctionnaires du Manitoba.

Le Secrétariat aux affaires francophones donne des conseils sur l'élaboration de services en français et sur la politique des services en langue française (SLF) en général; facilite la mise en œuvre de la politique des SLF de la Province; et aide les entités administratives visées par les SLF. Les principaux résultats comprennent l'ouverture officielle du centre de services bilingues de Sainte-Anne, en partenariat avec South Eastman Health-Santé Sud Est Inc.; la poursuite de la planification; la création de sites de Passerelle des entreprises dans plusieurs centres de services bilingues en ville et en région rurale; et la contribution au nouveau programme de financement *L'Art en moi*, en collaboration avec Culture, Patrimoine et Tourisme et le Conseil des Arts du Manitoba.

C'est pour moi un honneur et un privilège de présenter ce rapport qu
offre un résumé du précieux travail accompli par l'ensemble des
employés du ministère.



Le tout respectueusement soumis,

Original signé par John Clarkson

John Clarkson
Sous-ministre des Finances

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INTRODUCTION

The overall responsibilities of the Minister and the department include:

preparing the annual Provincial Budget;

management and control of government expenditures and revenues, and the evaluation of government programs;

providing policy direction on matters relating to financial management and administration, and ensuring appropriate government-wide management practices and systems;

ensuring accountability for the delivery of government programs;

maintaining the core government accounting and financial reporting systems, and the preparation of the annual Public Accounts and other reports which show the financial condition of the entire government reporting entity;

managing daily cash requirements, the public debt, the investment of public money, and of loans and advances made, and guarantees given by the government;

analysing and appraising the economic situation and prospects in Manitoba in co-operation with other ministries as appropriate;

advising on fiscal and other economic policies and measures including taxation;

advising on policies relating to Federal-Provincial relations;

representing the province in negotiations and participating in meetings related to finance, taxation and economic development;

managing the province's financial assets and liabilities;

insuring government assets and managing risk; and

administering a regulatory framework that contributes to a competitive Manitoba economy.

Through its efforts, the department manages strategic, financial and operational risks at a corporate level so that the value government obtains for money expended, and for revenues owing and received, is optimized.

The department also encompasses the Manitoba Securities Commission. This Special Operating Agency prepares and presents its own annual report and is not included in this document.

The divisional text of this report is formatted along the same lines as the appropriation structure for the department that is used in the Estimates of Expenditure of the Province of Manitoba. This formatting will assist with cross-referencing the two documents. Exceptions to this format have been made for the Insurance and Risk Management branch, Net Tax Credit Payments and Public Debt. These areas have been included within the divisions responsible for their administration.

The Department of Finance vision and mission is as follows:

Vision: A province that has effective financial management practices and fairly regulated businesses to bolster its prosperity for its citizens and influence within a united Canada and a changing world.

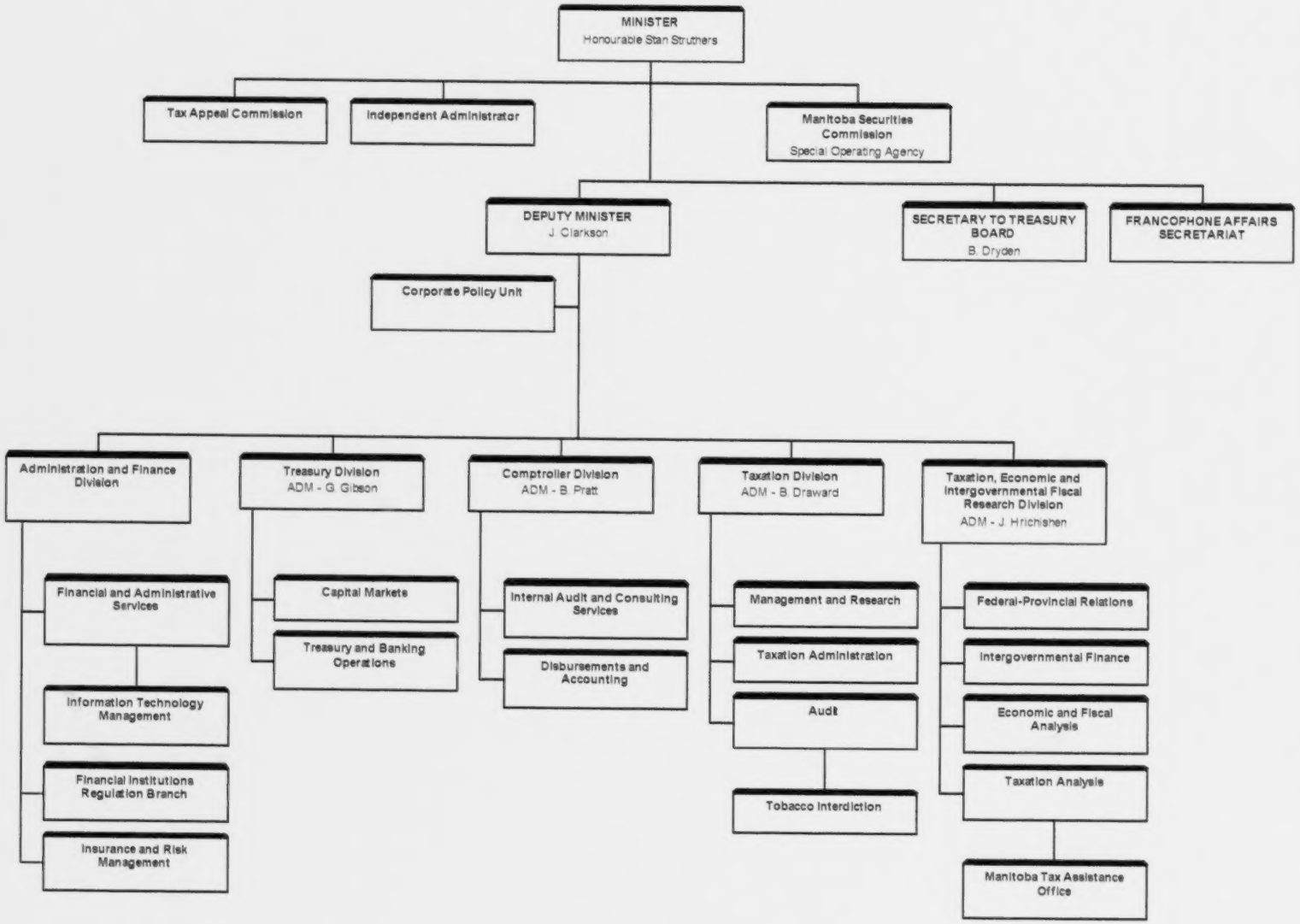
Mission: To implement the government's fiscal policies, efficiently and with integrity, to provide the highest quality management of Manitoba's revenue, debt, investments, and investor protection regimes, and to provide comprehensive and accurate reports on the financial management of government funds and assets.

STATUTORY RESPONSIBILTIES OF THE MINSTER OF FINANCE

	Continuing Consolidation Chapter
The Balanced Budget, Fiscal Management and Taxpayer Accountability Act	B 5
The Commodity Futures Act	C 152
The Cooperatives Act	C 223
The Corporations Act [part XXIV]	C 225
The Corporation Capital Tax Act	C 226
The Credit Unions and Caisses Populaires Act	C 301
The Credit Unions and Caisses Populaires Profits Tax Act	C 302
The Crocus Investment Fund Act (Section 11)	C 308
The Emissions Tax on Coal Act	E 90
The Energy Rate Stabilization Act	E 115
The Financial Administration Act	F 55
The Fire Insurance Reserve Fund Act	F 70
The Fuel Tax Act	F 192
The Health and Post Secondary Education Tax Levy Act	H 24
The Hospital Capital Financing Authority Act	H 125
The Income Tax Act [except sections 7.13 to 7.16, 10.4, 10.5 and 11.8 to 11.12]	I 10
The Insurance Act	I 40
The Insurance Corporations Tax Act	I 50
The Manitoba Investment Pool Authority Act	I 100
The Labour-Sponsored Venture Capital Corporations Act (except Part 2 and sections 16 to 18 as they relate to Part 2)	L 12
The Mining Claim Tax Act	M 165
The Mining Tax Act	M 195
The Mortgage Brokers Act	M 210
The Municipal Revenue Taxation and Funding Act (except Part 2)	M 265
The Pari-Mutuel Levy Act	P 12
The Property Tax and Insulation Assistance Act [Parts I, I.1, III, IV and V.1, V.2 section 1 and Part VI as they relate to subjects covered under Parts I, I.1, III, IV, V.1 and V.2]	P 143
The Public Officers Act	P 230
The Public Sector Compensation Disclosure Act (S.M. 1996, c. 60)	P 265
The Real Estate Brokers Act	R 20
The Retail Sales Tax Act	R 130
The Securities Act	S 50
The Securities Transfer Act	S 60
The Succession Duty Act (S.M. 1988-89, c. 42)	-
The Suitors' Moneys Act	S 220
The Tax Administration and Miscellaneous Taxes Act	T 2
The Tax Appeals Commission Act	T 3
The Tobacco Tax Act	T 80
The Unconditional Grants Act	U10

Per Order-in-Council 19/2012, Schedule "K", Order-in-Council 43/2012, and the Continuing Consolidation of the Statutes of Manitoba.

Manitoba Finance
Organization Chart



ADMINISTRATION AND FINANCE DIVISION

The Administration and Finance Division provides executive administration, planning and management of departmental policies and programs. It includes support services and centralized co-ordination of financial and administrative functions as well as the Tax Appeals Commission, Independent Administrator, Financial Institutions Regulation Branch and the Insurance and Risk Management branch.

Executive Support

The office of the Minister provides additional compensation to which individuals appointed to the Executive Council are entitled.

The Executive Support unit provides advice to the Minister on all policy and program matters related to the department, co-ordinates and administers the activities of the department to meet government policy objectives and provides administrative support for the offices of the Minister and Deputy Minister.

1 (a) Minister's Salary

Expenditures by Sub-Appropriation	Actual 2011/2012 $(000s)	Estimate 2011/2012 FTEs	Estimate 2011/2012 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Minister's Salary	33	1.00	37	(4)	
Total Sub-Appropriation	**33**	**1.00**	**37**	**(4)**	

1 (b) Executive Support

Expenditures by Sub-Appropriation	Actual 2011/2012 $(000s)	Estimate 2011/2012 FTEs	Estimate 2011/2012 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	886	13.00	998	(112)	
Other Expenditures	106		116	(10)	
Total Sub-Appropriation	**992**	**13.00**	**1,114**	**(122)**	

Financial and Administrative Services

The Financial and Administrative Services branch is responsible for ensuring appropriate management of and accountability for the department's resources. This encompasses: the development and implementation of departmental financial and administrative policies, processes and practices; ensuring compliance with government legislation, policies and procedures; providing accounting and administrative services to the department; and providing analytical and consultative support services to the department's operating divisions.

Branch activities include planning, organizing and evaluating departmental accounting and financial management activities related to financial reporting, expenditure and revenue processing and appropriation control. Specific activities include co-ordinating and supporting the development of the department's annual estimates, quarterly financial forecasts and reports, requests for office accommodation, telecommunication services and government vehicles. The branch also co-ordinates the department's records management program and administers the department's parking program.

1 (c) Financial and Administrative Services

Expenditures by Sub-Appropriation	Actual 2011/2012 $(000s)	Estimate 2011/2012 FTEs	Estimate 2011/2012 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	674	10.00	713	(39)	
Other Expenditures	87		103	(16)	
Total Sub-Appropriation	**761**	**10.00**	**816**	**(55)**	

Tax Appeals Commission

The Tax Appeals Commission Act provides for the appointment of one or more commissioners for the purpose of dealing with appeals filed by taxpayers who disagree with assessments issued by the Taxation Division. The Tax Appeals Commission provides taxpayers with an objective review of a taxpayer's appeal, independent of the taxation officials who issued the assessment.

The activity of the commission and results for 2011/2012 are as follows:

Outstanding appeals as at March 31, 2011	25
Appeals received in 2011/2012	
Administration	43
Audit	13
	81
Disposition of Appeals in 2011/2012	
Partially Denied	4
Denied	8
Referred to Taxation (not an appeal issue)	16
Upheld	1
Withdrawn	30
Appeals Resolved	59
Outstanding appeals as at March 31, 2012	22

1 (d) Tax Appeals Commission

Expenditures by Sub-Appropriation	Actual 2011/2012 $(000s)	Estimate 2011/2012 FTEs	Estimate 2011/2012 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Tax Appeals Commission	11		19	(8)	*1*
Total Sub-Appropriation	**11**		**19**	**(8)**	

1. Under expenditure is essentially due to decreased activity of the commission.

Independent Administrator

The Independent Administrator was created in 2006 under *The Labour-Sponsored Venture Capital Corporations Act*. The Independent Administrator reports to the Minister of Finance and monitors provincially registered labour-sponsored funds to ensure compliance with governing legislation.

1 (e) Independent Administrator

Expenditures by Sub-Appropriation	Actual 2011/2012 $(000s)	Estimate 2011/2012 FTEs	Estimate 2011/2012 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Independent Administrator	37		34	3	
Total Sub-Appropriation	**37**		**34**	**3**	

Information Technology Management

The objective of the Information Technology Management branch (ITMB) is to provide guidance and effective management of the department's Information and Communications Technology investments.

Activities include:

- Customer relationship management, business analysis, requirements definition, business case development, project management and enterprise portfolio management;
- Strategic Information Technology (IT) planning, governance and control, financial management, project management, contract, license and asset management, and Service Level Agreement (SLA) management;
- Business architecture, data stewardship, information management and providing business technology expertise and consulting services in support of the business needs;
- IT risk identification and protection, and the development, implementation and testing of business continuity and disaster recovery plans;
- Collaboration with the Business Transformation and Technology (BTT) Division of the Department of Innovation, Energy and Mines to support the best possible use of information and communications technology resources; and
- Participation in government-wide information technology initiatives and involvement on committees and special work groups/teams to support and implement IT projects.

Results:

Expected	Achieved
Effective translation of business requirements into IT plans.	Over 80% percent of projects in the ITMB project portfolio can be traced directly back to specific program needs, while approximately 20% represents ITMB development.
Effective utilization of IT resources to ensure functions/processes are connected to business operational structures.	Through ITMB, Business Consultants engaged program managers in aligning IT planning with current and future business needs by: - Understanding current IT and business capabilities, - Prioritizing business objectives that in turn establish the business requirements and IT needs, - Delivering the IT needs.
Effective management of business critical IT risks with mitigation plans developed and documented.	Developed and commenced the implementation of a two-pronged approach that addresses contingency level plans for limited, localized IT disruptions while developing disaster level plans with BTT for disruptions with wider, significant business impacts.
Continued development of the department's IT governance and control framework.	Continued the integration of the CobiT framework and selected processes in the department.

1 (f) Information Technology Management

Expenditures by Sub-Appropriation	Actual 2011/2012	Estimate 2011/2012		Variance Over/(Under)	Expl. No.
	$(000s)	FTEs	$(000s)	$(000s)	
Salaries and Employee Benefits	594	7.25	630	(36)	
Other Expenditures	108		109	(1)	
Total Sub-Appropriation	**702**	**7.25**	**739**	**(37)**	

Financial Institutions Regulation Branch

The Financial Institutions Regulation Branch administers legislation related to insurance companies, trust and loan corporations, credit unions, caisses populaires and co-operatives.

The mandate of the branch is to:

- Provide a legislative and regulatory framework to promote the orderly growth and development of co-operatives, credit unions and caisses populaires, and the insurance industry in Manitoba.
- Regulate and license private insurers;
- License hail insurance agents, hail insurance adjusters, and accident and baggage insurance agents;
- Oversee the Insurance Council of Manitoba in its role to license and supervise the activities of all other insurance agents and adjusters;
- Educate consumers on insurance issues and deal with complaints;
- Issue business authorizations to trust and loan corporations to operate in Manitoba;
- Monitor the financial and operational performance of the Deposit Guarantee Corporation of Manitoba and the Credit Union Central of Manitoba;
- Maintain a registry for co-operatives, credit unions and caisses populaires, assist with the incorporation of such entities and provide advice on statutory matters including issuing securities to members; and
- Review existing legislation and recommend changes where appropriate.

In addition, the branch collects tax under *The Insurance Corporations Tax Act* and under the regulations of *The Fires Prevention and Emergency Response Act* on behalf of the Office of the Fire Commissioner.

Activities/Highlights:

- Consultation continued for amendments to *The Insurance Act* and *The Cooperatives Act*;
- Enquiries from consumers, policyholders and members of co-operatives, credit unions or caisses populaires exceeded 2,000;
- Reviewed the annual returns from 55 federal and extra-provincial trust and loan corporations operating in Manitoba and reviewed areas of concern with the primary regulators from the incorporating jurisdictions;
- Licensed 249 insurers to transact insurance in Manitoba;
- Licensed 165 hail insurance agents, 590 accident and baggage insurance agents, 74 hail adjusters and 4 special brokers;
- Collected the premium tax under *The Insurance Corporations Tax Act* ($69.5 million);
- Collected the tax under *The Fires Prevention and Emergency Response Act* ($6.6 million); and
- Monitored stakeholders' satisfaction by surveying each insurance company and one of every three consumers who requested mediation related to an insurance complaint. The result was a satisfaction rate of 75 per cent.

Credit Unions and Caisses Populaires

Following are the consolidated statistics for the credit union and caisses populaires systems operating in Manitoba at December 31, 2011:

Credit Unions	2011	2010
Total Assets	$19.2 billion	$17.4 billion
Total Deposits	$17.9 billion	$16.2 billion
Total Loans	$16.6 billion	$14.5 billion
Members	586,000	574,000
Number of credit unions/locations	41/190	41/185

Caisses Populaires	2011	2010
Total Assets	$927 million	$868 million
Total Deposits	$849 million	$793 million
Total Loans	$756 million	$704 million
Members	30,000	30,500
Number of caisses populaires/locations	1/26	1/26

Co-operatives

As at March 31, 2012, there were 361 co-operatives with over 442,000 active members operating in Manitoba categorized as follows:

Classification of Co-operatives	2011/2012	2010/2011
Housing	55	56
Consumer	57	58
Day-care	41	42
Community Service	35	33
Utility	40	41
Marketing	31	30
Recreational and Community Clubs	33	34
Farmers Markets	8	8
Agriculture/Producer	13	14
Cattle Feeders	9	9
Employment	22	25
Fishing	9	8
Communications and Transportation	8	9
Total	**361**	**367**

During 2011/2012, 10 new co-operatives were incorporated or revived, 2 co-operatives were amalgamated and 15 co-operatives were dissolved or discontinued.

Insurance

Summary comparisons of licensing and complaint activities performed by the branch and Insurance Council of Manitoba are as follows:

LICENSING OF INSURANCE COMPANIES		
Description	**2011/2012**	**2010/2011**
Federal	197	202
Provincial	52	48
Total	**249**	**250**

LICENCES ISSUED BY SUPERINTENDENT OF INSURANCE OFFICE		
Description	**2011/2012**	**2010/2011**
Hail Agents	165	178
Accident and Baggage Agents	590	542
Miscellaneous Agents	4	4
Agents Sub-Total	**759**	**724**
Hail Adjusters	74	71
Special Brokers Licences	4	4
Total	**837**	**799**

LICENCES ISSUED BY INSURANCE COUNCIL OF MANITOBA		
Description	**2011/2012**	**2010/2011**
Life Agents	3,078	2,937
General Agents	3,999	3,713
Accident and Sickness Agents	2,674	2,420
Subtotal Agents	**9,751**	**9,070**
Adjusters	156	124
Subtotal Adjusters	**156**	**124**
Total	**9,907**	**9,194**

LICENCES CANCELLED, SUSPENDED, REVOKED OR REFUSED BY INSURANCE COUNCIL OF MANITOBA		
Description	**2011/2012**	**2010/2011**
Agent Found Unsuitable Fined & Assessed Cost	4	0
Adjuster Found Unsuitable	0	1
Suspension, fines and costs	2	2
Fines and costs	13	8
Total	**19**	**11**

INSURANCE AGENT AND ADJUSTER LICENSING EXAMINATIONS BY INSURANCE COUNCIL OF MANITOBA						
	WRITTEN		**PASSED**		**FAILED**	
	2011/2012	**2010/2011**	**2011/2012**	**2010/2011**	**2011/2012**	**2010/2011**
Life	434	357	316	240	118	117
General	42	29	10	10	32	19
Accident & Sickness	49	11	46	11	3	
Subtotal Agents	**525**	**397**	**372**	**261**	**153**	**136**
Adjusters	22	16	11	9	11	7
Total	**547**	**413**	**383**	**270**	**164**	**143**

ANALYSIS OF COMPLAINTS – PART ONE										
	LIFE		ACCIDENT & SICKNESS		ANNUITIES – R.R.S.P.'S		PERSONAL LINES/ TENANTS & HOMEOWNERS		HAIL	
DESCRIPTION	2011/2012	2010/2011	2011/2012	2010/2011	2011/2012	2010/2011	2011/2012	2010/2011	2011/2012	2010/2011
Claims	0	3	10	15	1	0	16	11	0	0
Application Rejected/ Renewal Refused	0	0	0	0	0	0	2	4	0	0
Premium Payments	3	6	1	0	0	0	3	1	0	0
Selling Tactics	4	0	1	0	0	1	1	0	0	0
Sales Promotion and Advertising	0	0	0	0	0	0	1	0	0	1
Miscellaneous	2	3	0	1	0	2	0	3	0	0
Totals	**9**	12	12	16	1	3	23	19	0	1

ANALYSIS OF COMPLAINTS – PART TWO								
	COMMERCIAL		TRAVEL		FARM		MISCELLANEOUS LINES – LIVESTOCK, BAGGAGE, WARRANTIES, EXTENDED AUTO COVERAGE ETC.	
DESCRIPTION	2011/2012	2010/2011	2011/2012	2010/2011	2011/2012	2010/2011	2011/2012	2010/2011
Claims	2	2	1	3	0	2	1	0
Application Rejected/ Renewal Refused	0	1	0	0	0	1	0	0
Premium Payments	0	0	0	0	0	0	1	0
Sales Promotion and Advertising	0	0	0	0	0	0	0	1
Miscellaneous	0	0	0	0	0	0	1	4
Totals	2	3	1	3	0	3	3	5

COMPLAINT STATISTICS - INSURANCE COUNCIL OF MANITOBA		
Description	**2011/2012**	**2010/2011**
Number of Complaints Opened	91	75
Number of Complaints Dealt With	73	91
Number of Complaints Outstanding at March 31	34	16

NEW COMPLAINTS PER COUNCIL		
Description	**2011/2012**	**2010/2011**
Adjusters Council	4	6
General Council	31	21
Life Council	56	48

1 (g) Financial Institutions Regulation Branch

Expenditures by Sub-Appropriation	Actual 2011/2012	Estimate 2011/2012		Variance Over/(Under)	Expl. No.
	$(000s)	FTEs	$(000s)	$(000s)	
Salaries and Employee Benefits	727	9.40	749	(22)	
Other Expenditures	151		216	(65)	*1*
Total Sub-Appropriation	**878**	**9.40**	**965**	**(87)**	

1. Under expenditure is essentially due to reduction in professional services and reduction in general operating expenditures.

Insurance and Risk Management

The Manitoba Comptrollership Framework defines risk management as "a systematic approach to setting the best course of action under uncertainty by identifying, assessing, understanding, communicating and acting on risk issues". The Insurance and Risk Management branch is involved in promoting central Risk Management Policy for the Government of Manitoba.

Results:

- Assisted departments and agencies in conducting risk assessments of programs and facilities;
- Commercial insurance premiums paid during 2011/2012 fiscal year were $1.96 million for departments and $2.27 million for agencies. This represented an overall increase of 6.5 % compared to the previous year for standard insurance coverages;
- Agency Self-Insurance Fund premiums collected were $6.34 million, a 1.6 % increase from the previous year;
- Owner-controlled construction insurance was purchased for several larger infrastructure projects;
- Department retained losses (including new reserves and claim payments) in 2011/2012 totalled $3,913,914 ($3,398,782 property claims, plus $515,132 liability claims). This was a decrease of 16% from the previous year;
- Costs for independent adjusters for department claims were $23,069 a decrease of 7% from the previous year;
- 444 new department claims were opened and 353 claims were closed;
- Under the Foster Parents' Intentional Damage Compensation Plan, 115 claims were reported in 2011/2012 (11% decrease from last year) and settlement payouts totalled $169,002.26 (26% increase over 2010/2011) plus administrative costs of $26,303.00 (increase of 31% from previous year – partly due to an updating of the fee schedule);

- Agency retained losses, including new reserves and claim payments, in 2011/2012 totalled $8.52 million ($8.04 million property claims, and $0.48 million liability claims), an increase of 30.9% from the previous year;
- Costs for independent adjusters for agency claims were $180,952, a decrease of 10.6% from the previous year; and
- 316 new agency claims were opened and 298 claims were closed.

6 Insurance and Risk Management

Expenditures by Sub-Appropriation	Actual 2011/2012 $(000s)	Estimate 2011/2012 FTEs	Estimate 2011/2012 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	396	5.20	408	(12)	
Other Expenditures	65		66	(1)	
Insurance Premiums	1,962		2,727	(765)	*1*
Less: Recoverable from Other Appropriations	(1,962)		(2,727)	765	*1*
Total Sub-Appropriation	**461**	**5.20**	**474**	**(13)**	

1. Under expenditure and corresponding reduction in recoveries from other appropriations reflect reduced insurance premium costs essentially due to the insurance markets remaining competitive during 2011/2012.

TREASURY DIVISION

The Treasury Division manages and administers the cash resources, borrowing programs, and all investment and debt management activities of the government. It further manages the borrowing programs and investment activities for all of its Crown corporations and government agencies. The Treasury Division assists in the financing of municipalities, schools and hospitals, and it is the division's responsibility to ensure that such financing is arranged.

Major changes are continually taking place in the world's economic and financial markets. These changes have a significant impact on both short and long-term management strategies, as well as the day-to-day decisions made by Treasury Division staff.

The division maintains contact with a large number of domestic and foreign financial institutions as well as regulatory and rating agencies to inform them of the fiscal and economic performance of the province and its policies, while at the same time obtaining information about the state of world financial markets and financial products and opportunities available to the province.

Administration

The Administration function has two staff positions for the performance of the following functions:

- general management of the Treasury Division;
- advises Minister and Deputy Minister on all policy and program matters of a financial nature;
- contact with the world financial community;
- provision of management and financial advisory services to government departments, agencies and investment funds; and
- reviews policies, legislation and regulations, and recommends changes where necessary to achieve objectives.

2 (a) Administration

Expenditures by Sub-Appropriation	Actual 2011/2012 $(000s)	Estimate 2011/2012 FTEs	Estimate 2011/2012 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	142	2.00	144	(2)	
Other Expenditures	102		99	3	
Total Sub-Appropriation	**244**	**2.00**	**243**	**1**	

Capital Markets

The Capital Markets branch has nine staff positions for the performance of the following major functions:

- managing the long-term borrowing programs of the government, Crown corporations, government agencies and other loan programs;
- administering provincial investment in, and advances to, Crown corporations, government agencies and other loan programs;
- establish strategies and manage sinking funds and other investment accounts of the province, Crown corporations and government agencies aggregating approximately $7.0 billion;
- managing the government's monetary resources;
- managing the short-term investment and borrowing programs for the government;
- administering trust money deposited with the Minister of Finance by Crown corporations, agencies and departments; and
- advising Crown corporations, government agencies and managers of loan programs regarding policies and procedures related to capital financing.

Borrowing

The borrowing program of the government, its Crown corporations and government agencies aggregated $5.11 billion in 2011/2012. This included $2.46 billion for refinancing maturing debt issues with the balance required for sinking funds and self-sustaining programs, including Manitoba Hydro. The aggregate amount of the Province of Manitoba's direct and guaranteed debt, net of sinking funds, outstanding at March 31, 2012 (using March 31, 2012 foreign exchange rates for conversion of foreign issues) was $25.95 billion ($22.9 billion at March 31, 2011) of which $8.13 billion ($6.97 billion at March 31, 2011) was for general government programs.

The branch managed the twelfth Manitoba Builder Bonds campaign which raised $115 million.

The branch is responsible for meeting the ongoing reporting and filing requirements of all markets in which the government has borrowed money. Two major reports and filing documents were prepared for regulatory agencies in Europe and the United States.

The branch also co-ordinated presentations to the major North American rating agencies which evaluate the creditworthiness of the province.

Debt Management

The Capital Markets branch actively monitors global capital markets and manages the province's outstanding debt through the use of hedging techniques such as currency exchange agreements, floating and fixed interest rate swaps, and forward rate agreements.

At March 31, 2012, 10% of direct debt, excluding debt for which Manitoba Hydro is responsible, was floating rate (10% at March 31, 2011) and 100% was payable in Canadian dollars (100% at March 31, 2011).

Long-Term Investments

Loans and Equity Investments

The Capital Markets branch administers the government's non-budgetary investment activities through advances to and/or equity investments in various Crown corporations, government agencies and loan programs. During 2011/2012, $1.0 billion was invested. At March 31, 2012 the aggregate amount of advances and equity investments outstanding was $11.9 billion ($10.9 Billion at March 31, 2011).

Sinking Funds and Other Long-term Investments

Sinking funds and other long-term investments of the Province of Manitoba, its Crown corporations and government agencies are managed by the Capital Markets branch. At March 31, 2012, sinking funds related to the direct and guaranteed debt of the province amounted to $2.84 billion, up 2% from $2.78 billion at March 31, 2011. The branch also manages the long-term investments for Manitoba Public Insurance Corporation which totalled approximately $1.9 billion at February 29, 2012. The Capital Markets branch determines the cash flows of these funds for investment purposes.

Money Management

The Capital Markets branch prepares cash flow forecasts detailing the government's anticipated daily receipts and disbursements, including its trust administration activities. Management of daily bank balances and timing of long-term borrowing is determined as a result of these cash flow forecasts.

During 2011/2012, the Money Management program was involved in managing the cash flow for over $25.0 billion of transactions processed through the accounts of the government.

Short-Term Investment and Borrowing

Monitoring and management of the government's cash flow during 2011/2012 resulted in the branch arranging over 1,400 short-term money market transactions aggregating approximately $70.0 billion of investment purchases and over $6 billion of investment sales. The branch also arranged for the issue of $310 million of promissory notes to finance temporary shortfalls resulting from differences in the timing of government payments and receipts. Interest earned on the short-term investments amounted to approximately $24.8 million for the Money Market portfolio and $7.1 million for the Fiscal Stabilization account while interest paid on the promissory notes issued was approximately $225,000.

Trust Administration

Over 100 departments, agencies and Crown corporations deposit surplus funds with the Minister of Finance in interest-bearing trust deposits. These trust funds averaged approximately $1.3 billion in 2011/2012. Approximately 2,400 trust deposit receipts were issued in 2011/2012 and 1,000 payments processed by the branch in respect to these deposits. Interest paid on these trust accounts was in excess of $12.7 million.

Other Responsibilities

The Capital Markets branch also acts in an advisory capacity to Crown corporations and government agencies, and makes recommendations respecting each organization's policies and procedures relating to the financing of their programs. All existing and proposed legislation of a financial nature is reviewed to ensure that the objectives of the Crown corporation or government agency are met and that there is legislative consistency among the various entities.

2 (b) Capital Markets

Expenditures by Sub-Appropriation	Actual 2011/2012 $(000s)	Estimate 2011/2012 FTEs	Estimate 2011/2012 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	646	9.00	691	(45)	
Other Expenditures	60		72	(12)	
Total Sub-Appropriation	**706**	**9.00**	**763**	**(57)**	

Treasury and Banking Operations

Risk Management and Banking

The Risk Management and Banking office has seven staff positions for the performance of these major functions:

- monitoring and reporting on the division's market, credit, operational and liquidity risks ensuring safeguards are in place to protect the financial assets and liabilities of the government;
- responsible for the risk oversight function ensuring policies are in place and operating effectively in order to allow the division to meet its strategic objectives while managing risks;
- responsible for the administration and controllership activities related to the province's Risk Management program;
- ongoing development and maintenance of divisional policies and procedures; and
- managing the banking operations of the government.

Risk Management

The division's segregated middle office efficiently and effectively monitors the division's risk management practices and financial exposures such as Mark to Market, performance measurement, and credit monitoring on $7 billion of investments, $25 billion of debt, and $36 billion in financial risk management contracts.

Banking Operations

The branch advises and establishes procedures regarding the use of banking services and depositing for other departments and some agencies; evaluates requests for new bank accounts and maintains existing accounts. The branch also negotiates contracts for banking and armoured car services for the province.

The branch maintained a central index of approximately 250 accounts representing all Province of Manitoba bank accounts in all financial institutions in the province.

The branch continued to expand the use of direct payment cards and credit cards for the receipt of government revenues. The branch worked with individual departments and Special Operating Agencies, surveying their needs to consider appropriate applications.

The branch continues to partner with other areas of government in the application of emerging technology.

Treasury Operations

The Treasury Operations office has nine staff positions for the performance of the following major functions:

- service and administer the public debt of the province;
- service and safekeep the short and long-term investments of the province and certain Crown corporations and government agencies;
- service and administer the province's debt and investment program;
- maintain accounting records for Public Debt expenditures and recoveries on sinking funds and other investment accounts; and
- maintain a Treasury Payments system for the division.

Debt Servicing

The provincial borrowings serviced by the branch was represented by debentures, savings bonds, treasury bills, promissory notes, and Canada Pension Plan debentures, all payable in Canadian dollars, as well as twelve debenture issues payable in U.S. dollars, two debenture issues payable in Swiss Francs, one debenture issue payable in New Zealand dollars, three debenture issues payable in Euros, two debenture issues in Japanese Yen payable in Euro and U.S. dollars, and one debenture issue payable in Hong Kong dollars. In servicing this debt, the branch administered approximately 300 derivative agreements whereby, among other things, all the Swiss Franc, New Zealand dollar, Euro, Hong Kong dollar and Japanese Yen (payable in Euro and U.S. dollars) debt have been swapped into fixed or floating rate Canadian or U.S. dollar liabilities.

Servicing the short-term debt obligations of the province required the administration of over $6.0 billion in treasury bills and $310 million in promissory notes issued throughout the year.

Investment Servicing

The branch services the long-term investments of the Manitoba Public Insurance Corporation and the sinking fund investments of the Province of Manitoba, Manitoba Hydro and The University of Manitoba. The aggregate value of these long-term investments was approximately $5.0 billion.

In servicing these investments the branch processed purchases aggregating $4.2 billion, sales and maturities of $4.8 billion and gross income of $226.0 million. The branch administered approximately 250 derivative contracts by which investments denominated in foreign currencies have been swapped into Canadian dollars.

Servicing approximately $2.0 billion in short-term investments for the province required the processing and safekeeping of over 2,900 money market transactions covering purchases, sales and maturities with a total aggregate value of approximately $144.0 billion.

2 (c) Treasury and Banking Operations

Expenditures by Sub-Appropriation	Actual 2011/2012 $(000s)	Estimate 2011/2012 FTEs	Estimate 2011/2012 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	1,005	15.00	1,059	(54)	
Other Expenditures	93		102	(9)	
Total Sub-Appropriation	**1,098**	**15.00**	**1,161**	**(63)**	

Public Debt (Statutory)

This appropriation provides for the required net cost of interest and related expenses payable with respect to the Public Debt of the province.

10 Public Debt (Statutory)

Expenditures by Sub-Appropriation	Actual 2011/2012 $(000s)	Estimate 2011/2012 FTEs	Estimate 2011/2012 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Interest on:					
the Public Debt of Manitoba and related expenses	1,120,398		1,135,939	(15,541)	
departments' capital assets	157,820		177,280	(19,460)	
Trust and Special Funds	12,671		16,800	(4,129)	
Sub-total	**1,290,889**		**1,330,019**	**(39,130)**	
Less: Interest and Other Charges to be received from:					
Sinking Fund Investments	(79,844)		(80,311)	467	
Manitoba Hydro	(580,578)		(595,794)	15,216	
Manitoba Housing and Renewal Corporation	(27,359)		(26,669)	(690)	
Manitoba Agricultural Credit Corporation	(15,708)		(17,108)	1,400	
Other Government Agencies	(25,053)		(11,998)	(13,055)	
Other Loans and Investments	(98,048)		(93,918)	(4,130)	
Other Appropriations	(227,888)		(246,436)	18,548	
Sub-total	**(1,054,478)**		**(1,072,234)**	**17,756**	
Total Sub-Appropriation	**236,411**		**257,785**	**(21,374)**	*1*

1. Net under expenditure is primarily due to favourable interest rates.

COMPTROLLER DIVISION

The division's role is to establish and foster a corporate comptrollership function for the Manitoba government that includes the development and operation of financial and management systems in support of legislative and governmental decision-making, service delivery effectiveness and accountability requirements. Some of the key components integral to the division's government-wide comptrollership function include:

- designing management processes;
- establishing financial and accounting policies;
- assisting in the co-ordination of the government's Summary Budget;
- preparing and presenting financial information for internal and external reporting, including the government's Public Accounts on a summary basis;
- maintaining the central accounts of the province;
- controlling all disbursements and revenue transactions for the Consolidated Fund;
- facilitating the integration and co-ordination of financial and management information; and
- providing advisory and problem solving services to corporate government and line departments.

In carrying out the division's mandate, three branches report to the Provincial Comptroller:

- Comptroller's Office;
- Internal Audit and Consulting Services; and
- Disbursements and Accounting.

Divisional accomplishments are reported under each branch as applicable.

3 (a) Comptroller's Office

Expenditures by Sub-Appropriation	Actual 2011/2012 $(000s)	Estimate 2011/2012 FTEs	Estimate 2011/2012 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	507	5.00	497	10	
Other Expenditures	84		87	(3)	
Total Sub-Appropriation	**591**	**5.00**	**584**	**7**	

Internal Audit and Consulting Services

The Internal Audit and Consulting Services branch provides internal audit services to management throughout government. All government departments have access to internal audit services through annual audit plans or for high-priority matters.

Results:

- Conducted 33 new audit projects during the year (38 in 2010/2011), based on assignments generally greater than 100 hours;
- Participation in cross-departmental audits;
- Maintained a process to follow-up on the implementation of audit recommendations;
- Annual reports, summarizing the audit activities for the year and the audit plan for the upcoming year, were prepared for each department and the Corporate Audit Committee; and
- Participation in the Institute of Internal Auditors and Information System Audit and Control Association boards and activities.

3 (b) Internal Audit and Consulting Services

Expenditures by Sub-Appropriation	Actual 2011/2012 $(000s)	Estimate 2011/2012 FTEs	Estimate 2011/2012 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	1,907	27.00	2,078	(171)	
Other Expenditures	217		240	(23)	
Total Sub-Appropriation	**2,124**	**27.00**	**2,318**	**(194)**	

Disbursements and Accounting

The role of the Disbursements and Accounting branch is to monitor the decentralized processing as well as controlling and reporting of all receipts to and disbursements from the Consolidated Fund in accordance with governing legislation and established accounting policies and practices. The branch also maintains a central payroll system for the payment of all government employees as well as an accounts payable vendor system for payments in relation to grants, supplies and services. It also maintains the official accounting records of the government and prepares the Public Accounts of the government, which include the summary financial statements containing the Consolidated Fund (core government operations and special funds), all the Crown organizations and the government business enterprises that comprise the government reporting entity.

During 2011/2012, the branch performed payroll transactions that included 470,846 direct deposits and 787 payroll cheques, while adhering to all deadlines and all related laws, regulations and policies. The branch also released 419,658 payments for grants, supplies and services, to corporations, firms and other recipients based on documents and supporting information provided by the government's operating departments. Approximately 77,738 of the total were direct deposit payments to vendors. Processing and collection of amounts owing to the government for shared-cost agreements were completed on a timely basis.

Quarterly financial report statements of the government were issued in accordance with established timetables and accounting policy. The annual financial reports, as represented by the Public Accounts, were prepared and released in accordance with *The Financial Administration Act*. The 2010/2011 summary financial statements of the government represented by Volume 1 of the Public Accounts, and the more detailed financial statements, schedules and reports of the Consolidated Fund represented by Volumes 2 and 3 of the Public Accounts, were all released September 2, 2011. Volume 4 of the Public Accounts, which contains the detailed financial statements of the special funds, Crown organizations and government business enterprises that comprise the government reporting entity, were released on April 17, 2012.

The branch continued to provide consultation and financial guidance for appropriate financial processes within the Consolidated Fund.

3 (c) Disbursements and Accounting

Expenditures by Sub-Appropriation	Actual 2011/2012 $(000s)	Estimate 2011/2012 FTEs	Estimate 2011/2012 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	2,784	41.00	2,782	2	
Other Expenditures	849		812	37	
Less: Recoverable from Other Appropriations	(566)		(510)	(56)	
Total Sub-Appropriation	**3,067**	**41.00**	**3,084**	**(17)**	

TAXATION DIVISION

The Taxation Division is responsible for efficiently and effectively administering the following Provincial Taxation Acts and ensuring revenues are collected as provided in these Acts:

The Corporation Capital Tax Act
The Credit Unions and Caisses Populaires Profits Tax Act
The Emissions Tax on Coal Act
The Fuel Tax Act
The Health and Post Secondary Education Tax Levy Act
The Mining Tax Act
The Retail Sales Tax Act
The Tax Administration and Miscellaneous Taxes Act
The Tobacco Tax Act
The continuing phase-out of *The Manitoba Succession Duty and Gift Tax Acts*

Actual revenues for the 2011/2012 fiscal year under the Taxation Acts noted above as well as for the Mining Claim Lease Tax and Environmental Protection Tax, were $2.8 billion which exceeded estimated revenues by $52 million.

The major variances from the estimate are as follows:

- Retail Sales Tax revenue exceeded the estimate by $31 million due to greater than estimated economic growth, and increased consumer and business spending;
- Mining Tax revenue exceeded the estimate by $26 million due to increased base metal prices which increased mining profits.

Comparative Statement of Actual Revenues ($000s)

For Fiscal Years Ending March 31, 2008 to March 31, 2012

	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Corporation Capital Tax	165,779	167,816	161,195	152,862	116,314
Fuel Taxes	248,193	228,779	229,965	241,423	240,352
Levy for Health and Education	341,383	357,501	364,736	373,944	396,199
Succession Duty and Gift Tax	3	3	3	3	0
Mining Claim Lease Tax	64	64	64	64	71
Mining Tax	99,637	45,927	9,924	41,954	61,442
Retail Sales Tax	1,472,864	1,569,334	1,569,845	1,618,412	1,702,233
Tobacco Tax	190,627	189,633	215,543	233,657	248,591
Environmental Protection Tax	3,442	3,483	3,510	3,520	3,588
Profit Tax On Credit Unions	0	0	0	0	229
Total	**2,521,992**	**2,562,540**	**2,554,785**	**2,665,839**	**2,769,019**

Management and Research

The Management and Research branch ensures the effective management and application of provincial taxation statutes. The government's taxation requirements are conveyed by providing tax expertise and direction to the Taxation Administration and Audit branches, and providing information and interpretations to taxpayers and businesses that collect the taxes.

The major objectives of this branch are to:

- provide management, leadership and policy assistance on statutes administered by the Taxation Division;
- maintain an effective tax-gathering system that applies the legislation consistently and ensures the collection of the tax revenues imposed by the Acts administered by the Taxation Division;
- implement new tax legislation;
- meet with new vendors and provide information on the application of provincial tax to their business;
- respond accurately and promptly to enquiries from tax collectors and taxpayers;
- develop taxation revenue and expenditure forecasts, and analyse variances from budgeted amounts;
- inform the Minister and Deputy Minister of tax revenue options, and provide options to upgrade the effectiveness of legislation and tax administration policy;
- develop and update tax interpretation manuals for the use of Taxation Division staff, and tax bulletins to inform businesses of tax collection and remittance requirements; and
- provide tax management expertise and direction as needed to maximize the effectiveness of the Taxation Administration and Audit branches and to co-ordinate the efforts of all three branches on the implementation of new programs.

Results:

- liaised with Canada Revenue Agency and other jurisdictions on co-operative information exchanges, joint compliance initiatives and other taxation administration and management issues;
- maintained a fair, effective and efficient tax-gathering system, with a sufficient deterrent to tax avoidance or evasion;
- evaluations regarding the implications of administrative and revenue options being considered by the government were developed on a timely basis;
- key information bulletins developed and/or updated and made available on the internet;
- taxpayer queries answered in a timely manner promoting self-compliance; and
- conducted new vendor calls.

4 (a) Management and Research

Expenditures by Sub-Appropriation	Actual 2011/2012 $(000s)	Estimate 2011/2012 FTEs	Estimate 2011/2012 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	1,958	35.50	2,079	(121)	
Other Expenditures	259		282	(23)	
Total Sub-Appropriation	**2,217**	**35.50**	**2,361**	**(144)**	

Taxation Administration

The Taxation Administration branch facilitates the effective and efficient administration and collection of taxes from taxpayers, as required by legislation, regulation and policies, and provides information to taxpayers.

The branch is production-oriented and provides processing services and information to Manitoba taxpayers and provides the administrative needs of the other two branches of the Taxation Division. The Taxation Administration branch is responsible for ensuring the prompt and accurate processing of $2.8 billion in tax revenues annually from the Taxation Acts administered by the Taxation Division.

The major objectives of this branch are:

- accurate processing of tax revenue received;
- providing an effective and efficient tax gathering system;
- ensuring tax rolls for each statute reflect the most current data available;
- proper reporting of the collection of taxes;
- accurate refunds with minimum delays;
- provide essential tax information to the taxpayer; and
- to effectively reduce outstanding tax arrears and delinquent tax returns.

Results:

Results for the 2011/2012 fiscal year include 52,309 registered vendors, collectors and deputy collectors. 231,108 paper returns were generated and 64,156 electronic notices of return due date were sent for the year.

The Administration branch processed 15,363 refunds (representing $90.2 million) and chargebacks (representing $1.9 million).

As at March 31, 2012, there were service stations operating on 40 reserves with 72 retailers who had entered into an agreement with the province to provide tax-free fuel to First Nations. A total of $8.6 million representing 2,157 claims was disbursed under this program during the 2011/2012 fiscal year for both diesel and gasoline fuel. In addition, 11 northern reserves acquire bulk fuel through collectorship arrangements.

The Manitoba government has established agreements with Indian Bands to provide a tobacco tax exemption for tobacco products sold to status First Nations people on reserves. As at March 31, 2012 there were 61 bands with agreements and 2 bands on an alternate tax exemption program. A total of $38.2 million representing 3,576 claims was disbursed under these programs during the fiscal year.

Collections

The Collections section is responsible for the collection of all outstanding taxes and delinquent returns, and taxpayer compliance with the statutes administered by the Taxation Division. This is accomplished by telephone contact, enforcement action, and on-site visits.

4 (b) Taxation Administration

Expenditures by Sub-Appropriation	Actual 2011/2012 $(000s)	Estimate 2011/2012 FTEs	Estimate 2011/2012 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	2,761	61.00	3,334	(573)	*1*
Other Expenditures	1,253		2,874	(1,621)	*2*
Total Sub-Appropriation	**4,014**	**61.00**	**6,208**	**(2,194)**	

1. *Under expenditure is due to position vacancies.*
2. *Under expenditure is due to no provision being required for the allowance for doubtful accounts.*

Audit

The Audit branch ensures that all taxes administered by the Taxation Division are remitted to the province through the promotion of voluntary compliance by taxpayers (including all collectors and registrants).

The Audit branch is structured into four operational units:

- **Audit** is responsible for conducting audits of taxpayers under the taxation statutes administered by the Taxation Division.

- **Audit Review** is responsible for the quality review of audit files, workload development, file selection, taxpayer appeals and the development of audit policies and procedures.

- **Investigations** is responsible for gathering evidence, the investigation of violations and the laying of charges under the taxation statutes administered by the Taxation Division.

- **Westman Regional Office** provides a rural perspective to tax policy development and operational programs, responsible for all audit functions as well as investigations in Western Manitoba.

The major objectives of this branch are to:

- develop an efficient and effective audit program focused on high-risk areas and throughout the cross-section of industries;
- develop an efficient and effective investigation program where violations under the taxation statutes are detected;
- provide accurate information in a timely manner to businesses relating to tax interpretation of the taxation statutes; and
- develop branch policies and procedures that ensure fair and consistent tax application to all businesses.

Results:

- conducted audits and investigations to ensure proper remittance of taxes and promote voluntary compliance by taxpayers;
- liaised with Canada Revenue Agency, Canada Border Services Agency and other jurisdictions to promote co-operation and implement exchange of information on audits, investigations and best practices;
- issued policies and procedures to staff to assist in the performance of audits and investigations; and
- participated in joint force investigations with Federal agencies and other jurisdictions regarding Tobacco Tax, Retail Sales Tax, Fuel Tax and the International Fuel Tax Agreement.

Audit	
Completed refunds	391
Completed files	1,474
Audit recoveries	$51,816,394
Audit Review	
Audit files reviewed	647
Reviewed Notices of Assessments	64
Appeals reviewed (In progress 42; Completed 13)	55
Investigations	
Completed files	144
Charges	45
Convictions	13
Fines	$28,757
Recoveries	$164,819

4 (c) Audit

Expenditures by Sub-Appropriation	Actual 2011/2012 $(000s)	Estimate 2011/2012 FTEs	Estimate 2011/2012 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	6,253	88.00	6,654	(401)	
Other Expenditures	924		1,085	(161)	
Total Sub-Appropriation	**7,177**	**88.00**	**7,739**	**(562)**	

Tobacco Interdiction

The Tobacco Interdiction program protects the revenues of the government under *The Tobacco Tax Act*. This program was implemented to counter against the increased risk of smuggling of lower taxed tobacco products from Eastern Canada to Manitoba and the Western provinces.

The major objectives of this program are to:

- maintain an effective tax gathering system through the presence of an enforcement profile that will promote voluntary compliance by taxpayers and tax collectors;
- develop audit and investigation programs that detect tax evaders;
- prosecute tax evaders; and
- provide information to taxpayers on proper tax collection and remittance requirements.

Results:

- prosecuted tax evaders, including participating in investigations with the RCMP, Canada Revenue Agency, Canada Border Services Agency and Winnipeg Police Service of contraband tobacco violations, resulting in several joint force seizures and subsequent prosecutions under *The Tobacco Tax Act* and *Federal Excise Act*, 2001;
- liaised with counterparts in the departments of Finance across Canada and other local, national and international law enforcement agencies on a regular basis to co-ordinate the investigation and prosecution of the smuggling of contraband tobacco into Western Canada and to exchange information and best practices; and
- recommended related policy change options and amendments to legislation, including increasing fines and penalties, and providing for broader and improved powers of search and seizure during investigations.

Tobacco Interdiction

Completed files	25
Charges	73
Convictions	6
Fines	$17,416
Recoveries	$620,815

4 (d) Tobacco Interdiction

Expenditures by Sub-Appropriation	Actual 2011/2012 $(000s)	Estimate 2011/2012 FTEs	Estimate 2011/2012 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	343	10.00	619	(276)	*1*
Other Expenditures	165		200	(35)	
Total Sub-Appropriation	**508**	**10.00**	**819**	**(311)**	

1. Under expenditure is due to position vacancies.

TAXATION, ECONOMIC AND INTERGOVERNMENTAL FISCAL RESEARCH DIVISION

The Taxation, Economic and Intergovernmental Fiscal Research Division is comprised of four branches, which make up the Economic and Federal-Provincial Research Unit:

- Intergovernmental Finance branch;
- Economic and Fiscal Analysis branch;
- Taxation Analysis branch, which is also responsible for the Manitoba Tax Assistance Office; and
- Federal-Provincial Relations branch.

The major areas of responsibility include intergovernmental fiscal and policy relations, economic and fiscal analysis, tax policy formulation and management of tax credit programs. The division's senior staff consists of an Assistant Deputy Minister, the directors of the four branches, the assistant director of the Taxation Analysis branch and the Director of Communications and Strategic Initiatives.

The division's primary functions are:

- provide research, technical and analytical support in respect of national and provincial fiscal and economic matters and strategic intergovernmental relations including cost-shared programs;
- administer fiscal arrangements and tax administration agreements with the federal government and administer tax credit programs with the federal government, departments and other administrators;
- undertake analysis and provide policy advice related to fiscal arrangements and other federal transfer programs;
- provide advice and policy analysis with respect to a broad range of economic and fiscal matters including revenue and expenditure policies, and advising on policies relating to federal-provincial fiscal and economic relations;
- co-ordinate the development during each budget process and throughout the year of the province's medium-term revenue projection;
- co-ordinate the fiscal and taxation analysis necessary for the Minister and Cabinet to develop the Budget;
- co-ordinate the production of the Budget and related documents;
- support provincial policy, and advance provincial fiscal interests while representing the province in various meetings and committees;
- serve as the principal administrative unit of the province for *The Income Tax Act* (Manitoba), *The Federal-Provincial Fiscal Arrangements Act* and the Tax Collection Agreement with the federal government;
- administer tax credit programs with the federal government and other administrators; and
- manage and administer tax credit programs and other programs related to income tax and property tax including distribution of benefits, providing the public with information and assistance, and co-administering and monitoring claims through the income tax system.

Intergovernmental Finance

The Intergovernmental Finance branch includes four staff positions.

The branch develops recommendations for the Minister and Cabinet related to fiscal arrangements between the province and the federal government. These arrangements are described in *The Federal-Provincial Fiscal Arrangements Act*. The branch also plays a key role in supporting Manitoba's participation in matters related to Canada's retirement income system.

The branch has key responsibility for the ongoing monitoring and analysis of federal transfer payments for major social programs including health care, post-secondary education and social services, as well as the Equalization Program and other transfer programs. The branch director represents the province at federal-provincial-territorial (F/P/T) and provincial-territorial (P/T) meetings, on working groups on fiscal

arrangements; the director also supports the Minister of Finance when participating in F/P/T and P/T events.

Total provincial revenues governed by federal-provincial transfer arrangements and administered by the branch in 2011/2012 included: $1.9 billion in Equalization payments; and $1.4 billion in cash payments for major health and social programs. The branch develops projections of these federal transfer payments as input into the province's medium-term revenue projections.

The branch supports the Minister in their responsibility as a joint steward of the Canada Pension Plan (CPP). The branch also undertakes analysis and provides advice related to other aspects of the Canadian retirement income system.

In addition, the branch also provides support to other departments and participates in various intergovernmental working groups. The Intergovernmental Finance branch was responsible for supporting Manitoba as the lead P/T Finance jurisdiction in 2011/2012. This included leading in the development of key documents to support the work of the Council of the Federation. The branch regularly provides technical support and expertise to assist central planning areas of government.

Federal-Provincial Relations

The Federal-Provincial Relations branch is primarily responsible for providing policy advice, analysis and support to the Premier of Manitoba concerning Manitoba's relationships with the federal government and other provincial and territorial (PT) governments. The branch also promotes Manitoba's interests in the development of interprovincial/territorial positions and policies in co-operation with other provinces and territories, and in the development and implementation of certain national policies in co-operation with the federal government.

The Federal-Provincial Relations branch is responsible for ensuring that the Government of Manitoba has adequate and timely information on the implications for the province of national and regional trends, and the programs and policies of the federal government and/or other provincial and territorial governments.

The Federal-Provincial Relations branch works in conjunction with the Canada-US and International Relations branch of the Department of Entrepreneurship, Training and Trade. It also works closely with specialized units in other departments which deal with federal-provincial and interprovincial agreements and arrangements.

Principal activities in 2011/2012

In 2011/2012, the Federal-Provincial Relations branch engaged in the following activities:

- Supported the Premier of Manitoba in his responsibilities as Minister of Federal-Provincial Relations, including his involvement in regular Council of the Federation meetings, the annual Western Premiers' Conferences as well as bilateral meetings with the Prime Minister, federal Ministers, other Premiers, and National Aboriginal Organization Leaders;
- Represented Manitoba at federal-provincial and interprovincial officials' meetings and on a number of committees that prepare for major intergovernmental conferences;
- Reviewed and evaluated policy and program initiatives related to intergovernmental relations and provided policy advice on relations with the federal government and other provinces and territories;
- Assisted other government departments in their interdepartmental activities;
- Assisted in hosting the 2011 National Emergency Management Meeting in Brandon, Manitoba; and
- Assisted in hosting the 2012 Mental Health Summit in Winnipeg, Manitoba.

Economic and Fiscal Analysis

The Economic and Fiscal Analysis branch includes four staff positions. The branch's mandate is to provide economic and fiscal analysis of national and regional matters for the Minister and Cabinet, as well as for use by various departments in policy development and estimates preparation.

Activities:

- monitors and reviews a wide variety of private sector and public sector analyses and forecasts;
- maintains an extensive information base;
- represents the province on federal-provincial committees and working groups;
- provides inter-departmental co-ordination of economic analysis through the Inter-departmental Economic Outlook Group;
- co-ordinates and develops components of the province's medium-term revenue projections;
- monitors the federal government's fiscal situation and prospects;
- prepares major components of provincial borrowing prospectuses and securities registration with regard to economic and financial data;
- represents the province in "due diligence" examinations of borrowing documents;
- prepares major presentations and publications for financial institutions and credit-rating agencies;
- responds to numerous requests for information on the Manitoba economic and fiscal situation from Canadian and international investment analysts as well as from companies, organizations and individuals in Manitoba; and
- prepares the "Economic Review and Outlook" document for the Manitoba Budget, as well as other economic and fiscal reports.

Taxation Analysis

The Taxation Analysis branch has seven staff positions with a further eight staff positions in the Manitoba Tax Assistance Office.

The branch maintains databases and analytic models, and develops recommendations for the Minister and Cabinet for taxation policy and for specific tax measures and tax credits. Tax measures are implemented through provincial budgets, legislation and agreements, the most significant being the Canada-Manitoba Tax Collection Agreement respecting income taxation.

The branch is responsible for analyzing and reporting on the fiscal and economic effects of tax measures and proposals. This work includes participation in the relevant federal-provincial working groups and representing the province at various federal-provincial meetings.

Total provincial revenue from income taxes administered by the branch in 2011/2012 amounted to $2,700.0 million in individual income tax and $423.6 million in corporation income tax. The group is responsible for the estimates and administration of tax credit programs with the federal government, departments and other administrators.

The director and assistant director supervise the Manitoba Tax Assistance Office and the tax and related programs administered by that office. These programs benefit approximately 500,000 Manitobans annually. The Manitoba Tax Assistance Office also provides information and assistance to Manitobans in completing the provincial portion of their income tax returns as well as handling general inquiries respecting Manitoba income tax and tax credits.

Revenue from Federal-Provincial Fiscal Arrangements ($000s)
For Fiscal Years Ending March 31, 2008 to March 31, 2012

	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Income Taxes					
Individual Income Tax	2,284,669	2,455,117	2,401,381	2,591,827	2,682,506
Corporation Income Tax	366,818	386,131	257,081	329,918	423,598
Subtotal	2,651,487	2,841,248	2,658,462	2,921,745	3,106,104
Federal Transfers					
Equalization	1,825,796	2,063,394	2,063,394	2,001,518	1,941,727
Canada Health Transfer (CHT)	816,684	875,409	897,402	948,896	999,852
Canada Social Transfer (CST)	347,463	387,531	392,184	404,249	417,059
Corporation Capital Tax Phase-Out	-	-	-	-	9,100
Police Officers Recruitment Fund	-	14,400	-	-	-
Public Transit Capital Fund		17,912		-	-
Government of Canada Subsidy	2,284	2,298	2,322	2,321	2,320
Community Development Trust	41,880	-	-	-	
Subtotal	3,034,107	3,360,944	3,355,302	3,356,984	3,370,058
Total from Fiscal Arrangements	5,685,594	6,202,192	6,013,764	6,278,729	6,476,162

Net Tax Credit Payments

9 Net Tax Credit Payments

Expenditures by Sub-Appropriation	Actual 2011/2012 $(000s)	Estimate 2011/2012 FTEs	Estimate 2011/2012 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Education Property Tax Credit	312,983		287,296	25,687	
Personal Tax Credit	44,397		39,781	4,616	
School Tax Assistance for Tenants and Homeowners (55+)	1,139		1,523	(384)	
Political Contribution Tax Credit	2,074		1,609	465	
Riparian Property Tax Reduction	30		45	(15)	
Federal Administration Fee	1,108		1,123	(15)	
Less: Recoverable from Education:					
Education Property Tax Credit	(312,983)		(287,296)	(25,687)	
School Tax Assistance for Tenants and Homeowners (55+)	(1,139)		(1,523)	384	
Total Sub-Appropriation	**47,609**		**42,558**	**5,051**	*1*

1. Over expenditure is essentially to due prior year adjustments and the impact of updated tax data on the income-tested components of the tax credits.

5 (a) Economic and Federal-Provincial Research

Expenditures by Sub-Appropriation	Actual 2011/2012 $(000s)	Estimate 2011/2012 FTEs	Estimate 2011/2012 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	1,930	26.25	2,488	(558)	*1*
Other Expenditures	1,270		1,345	(75)	
Total Sub-Appropriation	**3,200**	**26.25**	**3,833**	**(633)**	

1. Under expenditure is essentially due to position vacancies.

Manitoba Tax Assistance Office

The major functions fulfilled by the Manitoba Tax Assistance Office include:

- informing and assisting taxpayers on the proper application of Manitoba Income Tax and tax credit programs for residents of Manitoba;
- enforcing the provisions of the legislation governing the Manitoba Income Tax and Manitoba tax credit programs, including recovery of ineligible claims;
- administering the Manitoba Education Property Tax Credit Advance Program;
- administering Tax Rebate Discounting;
- administering the Riparian Tax Credit program;
- administering the Tuition Fee Income Tax Rebate and Advance programs;
- administering the Primary Caregiver Tax Credit program; and
- in co-operation with the Canada Revenue Agency and a variety of provincial departments, managing or overseeing the administration of a variety of programs.

5 (b) Manitoba Tax Assistance Office

Expenditures by Sub-Appropriation	Actual 2011/2012 $(000s)	Estimate 2011/2012 FTEs	Estimate 2011/2012 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	364	8.00	505	(141)	1
Other Expenditures	102		118	(16)	
Total Sub-Appropriation	**466**	**8.00**	**623**	**(157)**	

1. *Under expenditure is essentially due to position vacancies.*

TREASURY BOARD SECRETARIAT

The Treasury Board Secretariat provides financial and analytical support as well as advice to the Minister of Finance and Treasury Board in fulfilling fiscal management responsibilities. The Secretariat is headed by a Deputy Minister who acts as Secretary to the Board.

The major functions fulfilled by the Secretariat include:

- monitoring, analyzing and reporting on the financial position of the province;
- planning and co-ordinating the review and preparation of the annual estimates and participating in the development of the annual budget;
- providing analyses in support of the efficient and effective utilization/allocation of the province's financial and human resources, both in the context of the annual estimates process and on an ongoing basis throughout the year;
- undertaking reviews of specific program areas;
- co-ordinating expenditure management, continuous improvement, and planning and program performance measurement processes for government;
- developing and communicating policies, procedures and guidelines on administrative matters, and maintaining the General Manual of Administration;
- monitoring and reporting on the operation of special operating agencies;
- representing the government and department management in all labour relations and compensation activities within the civil service, as well as providing specialized consulting services regarding labour relations and compensation matters within the public sector; and
- providing central administrative services to government-wide employee benefit and insurance programs in accordance with collective agreements, legislation and human resource policies.

The 2011/2012 Estimates of Expenditure and Revenue were tabled in the Legislature with the 2011 Manitoba Budget on April 12, 2011.

Fiscal Management and Capital Planning

Fiscal Management and Capital Planning (FMCP) is responsible for developing fiscal strategy and planning options for the Government of Manitoba. This is accomplished through the maintenance of an effective budget/planning cycle within an overall fiscal framework. FMCP develops, implements and co-ordinates the annual estimates process for core government expenditure and revenue, and finalizes the Estimates of Expenditure and Revenue for tabling in the Legislature. FMCP, in co-ordination with the Comptroller's Division, also works with organizations included in the Government Reporting Entity to prepare the Government of Manitoba's Summary Budget and Summary Financial Reports for the public.

FMCP monitors the fiscal status of the core government and prepares reports, ensuring that the government has accurate, timely and relevant information on its fiscal position. Financial and operational information is provided to senior management of the province to facilitate sound financial management of government programs. FMCP also prepares money bills and support information for tabling in the Legislature, and develops and implements such processes that are necessary to maintain the orderly business of government.

In addition, FMCP is responsible for providing ongoing analysis, advice and recommendations in support of the Treasury Board decision-making process related to capital projects and capital expenditures, and for the continued development and support of a multi-year capital planning process. As well, FMCP provides guidance to departments in identifying potential Special Operating Agency candidates, developing proposals and monitoring financial performance.

Analytical Units

Three analytical units are responsible for providing ongoing analysis, advice and recommendations in support of the Treasury Board decision-making process, with respect to program, policy and financial direction to departments. The units monitor, analyze and advise on departmental activities, ensuring the effective, efficient and consistent delivery of government policies and priorities. In addition, the analytical units provide support and assistance to the Fiscal Management and Capital Planning unit.

The units are major participants in the development of the annual estimates of expenditure and revenue. They provide advice and guidance to assigned departments in the preparation of their estimates, analyze departmental estimates and evaluate whether they meet fiscal guidelines, and evaluate alternative strategies. They provide advice and recommendations to Treasury Board on program, policy and resource allocation issues, and they communicate and review Treasury Board decisions with assigned departments.

The analytical units also provide ongoing advice and analysis to Treasury Board by reviewing departmental Treasury Board Submissions and providing assessments and recommendations. Other activities include participating in departmental reviews and studies; providing advice to departments on Treasury Board guidelines and procedures, as well as on various policy and financial issues; monitoring the program and financial status of departments; analyzing and reporting on departmental financial information to ensure compliance with government policy and financial objectives; and working with senior departmental personnel to ensure that the necessary communication between Treasury Board and departments is maintained.

Expenditure Management and Continuous Improvement

This unit is responsible for co-ordinating a range of activities, including co-ordinating the strategic planning component of the annual estimates process, conducting program reviews of selected program areas, co-ordinating performance management activities and other internal service improvement projects.

The unit also develops, interprets and evaluates government-wide administrative policies, which are communicated in the General Manual of Administration (GMA).

Results:

Government capacity to measure, monitor and evaluate programs continued to be strengthened in 2011/2012 through delivery of training sessions to departments on performance measurement and reporting.

Performance measures in departmental annual reports continued to be enhanced to provide meaningful and useful information about government activities and their impact on the province and its citizens.

Co-ordination of Special Operating Agencies

The Special Operating Agencies Financing Authority Act received Royal Assent on June 24, 1992 and provides for the establishment of Special Operating Agencies (SOA). SOAs are service operations, which are granted more direct responsibility for their operating results and have increased management flexibility to encourage entrepreneurship, enhance service, and achieve cost savings for government. The Co-ordinator of SOAs is responsible for providing guidance to departments in developing proposals and business plans that are reviewed within the annual estimates process.

Further information on the operation of SOAs is provided in the Annual Reports for the Special Operating Agencies Financing Authority and for each agency.

Labour Relations

Compensation Services

Compensation Services provides a complete range of services related to administration of the province's job classification program, employee benefits programs and compensation programs to support the collective bargaining process and human resource policy development. Service is provided to Treasury Board, government negotiators, human resource practitioners, department managers and other civil service employees. Service is also provided to external public sector organizations requiring advice, information or interpretation of civil service compensation policies and practices. The branch represents government in negotiations with employee representatives to amend the Civil Service Superannuation Plan, the Public Service Group Insurance Plan and the Teachers Pension Plan.

Results:

Support in the form of research and costing was provided to Negotiation Services related to the implementation of various collective agreements.

A total of 1,630 classification requests were received and evaluated in 2011/2012. The average time to complete these reviews was 30 calendar days. In addition, Compensation Services developed or revised and implemented six classification series and two series reviews are underway.

Compensation and benefits information management systems were maintained and expanded, and information exchanged with a variety of local and national employers. Compensation Services conducted 3 surveys and responded to 35 surveys from other employers during 2011/2012.

A number of policies were updated to reflect current compensation policy and practice within the organization.

Benefits Administration

The Benefits Administration branch is responsible for providing central administrative services for government-wide employee benefits and insurance programs in accordance with collective agreements, legislation and human resources policies. Benefits programs include the Ambulance & Hospital Semi-Private (AHSP), Dental Plan, Vision Care Plan, Prescription Drug Plan, Extended Health, Travel Health, Long-Term Disability (LTD) plans and Health Spending Account (HSA). The branch also provides advice and assistance to government departments and other public sector organizations with respect to the application of benefits programs.

Workers Compensation Board (WCB) costs from government departments and agencies are managed through Benefits Administration. Financial information for statutory benefit and insurance programs including Civil Service Superannuation Plan, Canada Pension Plan, Group Life Insurance Plan, Employment Insurance, and the Levy for Health and Post-Secondary Education is compiled through the branch. Additionally, the branch is responsible for co-ordinating the budgeting and financial reporting activities related to employee pensions, benefits and other salary related costs.

Benefits Administration provides oversight, guidance and consultation to government departments in relation to the government wide disability management program – Supportive Employment Program (SEP).

Results:

Benefits Administration provided administrative support and disability management services for LTD plan and WCB recipients, and monitored accommodation issues related to redeployment of employees on medical grounds. During the 2011/2012 fiscal year, 152 applications for LTD benefits were processed and 41 employees who had been on LTD were returned to work. As of March 31, 2012, 220 individuals were in receipt of LTD benefits.

Benefits Administration implemented the collective agreement changes related to enhanced employee health benefit plans including the updating of plan information on the Intranet website.

Negotiation Services

Negotiation Services provides a complete range of labour relations services to government by representing management in labour relations activities involving both unionized and non-unionized employees. These activities include negotiation of collective agreements with various bargaining agents representing government employees, administration of collective agreements, and providing labour relations assistance respecting non-union employees. The branch also provides, upon request, labour relations services to Crown corporations and government-funded agencies.

Results:

Negotiation Services represented the province in the negotiation and renewal of the Government Employees' Master Agreement with the Manitoba Government and General Employees Union (MGEU) that applies to approximately 14,000 employees in the civil service. In addition, collective agreement settlements were reached with Addictions Foundation of Manitoba and the MGEU; the administrative component of the Manitoba Agricultural Services Corporation (MASC), also represented by the MGEU; and the Building Superintendent component of Manitoba Housing Authority (MHA) represented by the International Union of Operating Engineers (IUOE).

Collective bargaining has been ongoing for the renewal and revision of an additional nine collective agreements representing the following groups; Manitoba Association of Crown Attorneys; Legal Aid Lawyers Association; MHA Winnipeg; MHA Rural; MASC Crop Insurance Adjusters; Manitoba Association of Government Engineers; Winnipeg Child and Family Services and Canadian Union of Operating Engineers; Falcon Lake Golf Course and MGEU; and Manitoba Gaming Control Commission. Negotiation Services also represented the province at the Manitoba Labour Board in the MGEU certification application representing employees of the Ombudsman.

Negotiation Services is representing the province in the judicial review application by the Provincial Judges Association of Manitoba with respect to the 2009 recommendations of the 2008 Judicial Compensation Committee.

Contract Administration

Negotiation Services provides support and guidance to management concerning the implementation and interpretation of collective agreements. Services include providing counsel on proposed actions concerning labour relations issues in the workplace. As part of this responsibility, the branch co-ordinates grievance and arbitration activities on behalf of government, and conducts training sessions for managers and human resources staff regarding their rights and responsibilities in managing under a collective agreement.

The branch successfully represented the government and a number of Crown agencies before boards of arbitration concerning several rights issues involving both contract interpretation as well as discipline and dismissal matters. In addition, staff managed the interests of the province before the Manitoba Human Rights Commission on a number of human rights cases and before the Manitoba Labour Board on a number of jurisdictional issues. Staff continued to conduct a series of training sessions for line managers and human resource professionals on the topics of "Grievance and Discipline Handling" and "Managing Under a Collective Agreement".

7(a) **Treasury Board Secretariat**

Expenditures by Sub-Appropriation	Actual 2011/2012 $(000s)	Estimate 2011/2012 FTEs	Estimate 2011/2012 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	5,955	73.00	6,106	(151)	
Other Expenditures	1,054		978	76	
Total Sub-Appropriation	**7,009**	**73.00**	**7,084**	**(75)**	

Francophone Affairs Secretariat

The Francophone Affairs Secretariat advises the Government of Manitoba and the Minister responsible for Francophone Affairs on the development of government services offered in French and on matters relating to the French Language Services (FLS) policy in general.

The Secretariat guides, monitors, seeks and facilitates the implementation of the Government of Manitoba's FLS Policy in a manner consistent with the concept of *active offer* and makes recommendations to that effect. The Secretariat's mandate applies to all administrative bodies covered by the FLS policy.

The Secretariat provides assistance and direction to the administrative bodies covered by the Government of Manitoba's FLS policy and serves as a liaison between the government and Francophone organizations in the province. Since April 1, 2008, the Secretariat has been administratively attached to the Treasury Board Secretariat.

Results:

- Co-ordinated the inclusion of projects to be funded in 2011/2012 under the Canada-Manitoba Agreement on French Language Services (CMAFLS), a cost-sharing agreement where Manitoba's $1.4 million contribution is matched by the federal government;
- Contributed, along with Culture, Heritage and Tourism and the Manitoba Arts Council, to the new funding program *L'Art en moi*, that uses art to support the identity building of Manitoba's Francophone communities. The initiative was awarded federal matching of $150,000 over two fiscal years (2011/2012 and 2012/2013) via the Cultural Development Fund and administered through the CMAFLS;
- Contributed a total of $25,000 toward four projects funded under the Agreement for Co-operation and Exchange between the Governments of Quebec and Manitoba, and $10,500 toward three projects funded under the FLS component of the Memorandum of Understanding on Interprovincial Co-operation between the Governments of Manitoba and New Brunswick. This allowed a number of Franco-Manitoban organizations to benefit from exchanges, mentoring, training and sharing of expertise;
- Provided a one-time special grant of $9,500 to the Université de Saint-Boniface to support the creation of *La Bourse Légion d'honneur*;
- On March 22, 2012, officially opened the Bilingual Service Centre (BSC) in Ste. Anne, in partnership with South Eastman Health-Santé Sud Est Inc. A total of six BSCs are now operating in rural and urban regions of Manitoba;
- Promoted the services offered in the BSCs and organized outreach activities in the different communities; a total of 116,532 clients accessed services at the BSCs, an increase of 12.4% over the previous year;
- Since January 2011, the Manitoba Business Gateway programs have been operating in the BSCs of St. Boniface, St. Vital, St. Laurent, Notre Dame de Lourdes and St-Pierre-Jolys, complementing services the centres already provide;
- Participated in the development and implementation of *AccessManitoba*, a bilingual online services initiative, in collaboration with Entrepreneurship, Training and Trade;
- Pursued the development of a draft bill entitled *The Bilingual Service Centres Act*, designed to guarantee a permanent role for the BSCs;
- Continued the partnership between the BSCs and the Société franco-manitobaine's 233-ALLÔ Information Centre, ensuring seamless information and services between the community and government bodies;

- Provided direction, consultation, analytic and planning support to 34 administrative bodies (including 19 departments, 10 Crown corporations, 5 Crown Agencies and Independent Offices of the Legislative Assembly and the Executive Council) via the Secretariat's FLS Facilitator Team;
- Expanded the pilot project giving rise to the creation of a third Bilingual Full-time French Language Service Coordinator position, each shared by a cluster of three or four departments;
- Four of the administrative bodies taking part in the pilot project for developing five-year Strategic FLS Plans have completed their plans and are working on their one-year operation plans;
- Pursued the *Bonjour-Hello* promotional campaign on Manitoba's active offer of services in French; approximately 300 employees received training in 12 awareness sessions held in designated and non-designated government offices;
- Participated in a number of conferences at the national and international levels, including the Ministerial Conference on the Canadian Francophonie held in Moncton-Dieppe, New Brunswick, June 15-16, 2011; and actively participated on the Intergovernmental Network of the Canadian Francophonie;
- Co-ordinated 150 registrations for French language training, an increase of 28% over the previous fiscal year: evening and weekend programs for government employees; the continuation of the pilot project involving French language training during the workday for some eight Family Services employees; and tutoring for six individuals;
- Dealt with 18 complaints, as well as various issues raised by the public regarding FLS;
- Updated the Secretariat's website, adding new content in both official languages;
- Redesigned and printed the Report on French Language Services 2009/2010 – 2010/2011; and
- Launched the Call for Nominations for the next edition of the *Prix Ronald-Duhamel – Ronald Duhamel Award* on March 21, 2012 as part of *Les Rendez-vous de la Francophonie.* The Prix-Award was created to recognize an employee or group of employees of a government or quasi-governmental body at the federal, provincial or municipal level for distinguished service to Manitoba's Francophone community.

7 (b) **Francophone Affairs Secretariat**

Expenditures by Sub-Appropriation	Actual 2011/2012 $(000s)	Estimate 2011/2012 FTEs	Estimate 2011/2012 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	870	16.00	1,050	(180)	*1*
Other Expenditures	649		783	(134)	
Total Sub-Appropriation	**1,519**	**16.00**	**1,833**	**(314)**	

1. Under expenditure is essentially due to position vacancies.

SUSTAINABLE DEVELOPMENT

The department is committed to the Principles and Guidelines set out in *The Sustainable Development Act* and works to incorporate them in department activities, programs and business practices.

The following activities continued throughout 2011/2012:

- The department maintained its sustainable development homepage on the *Intranet* as a department link to *The Sustainable Development Act* and the Green Procurement page of the Procurement Services branch, Manitoba Infrastructure and Transportation;
- "Green" products and recycled materials continue to be purchased where available including the purchase of recycled copy paper;
- The department continued the recycling of various materials;
- Departmental staff assigned fleet vehicles continue to use ethanol-blended gasoline where available;
- Department staff participated in the annual Commuter Challenger to promote active and sustainable transportation choices; and
- Reduction in the amount of printed material as more documentation becomes available on the internal and external departmental website.

Part A - Operating Expenditure
Department of Finance
Reconciliation Statement

Details	$000s
2011/2012 Main Estimates	344,378
Transfer of functions from:	
- Immigration and Multiculturalism	154
- Family Services and Labour	965
Allocation of Funds from:	
- Enabling Appropriations	850
2011/2012 Estimate	**346,347**

Manitoba Finance

Part A: Expenditure Summary by Appropriation

for the fiscal year ended March 31, 2012 with comparative figures for the previous fiscal year ($000s)

Estimate 2011/2012		Appropriation	Actual 2011/2012	Actual 2010/2011	Increase (Decrease)	Explanation Number
	07-1	ADMINISTRATION AND FINANCE				
37	(a)	Minister's Salary	33	37	(4)	
	(b)	Executive Support				
998		Salaries and Employee Benefits	886	848	38	
116		Other Expenditures	106	165	(59)	1
	(c)	Financial and Administrative Services				
713		Salaries and Employee Benefits	674	603	71	
103		Other Expenditures	87	88	(1)	
19	(d)	Tax Appeals Commission	11	11		
34	(e)	Independent Administrator	37	38	(1)	
	(f)	Information Technology Services				
630		Salaries and Employee Benefits	594	551	43	
109		Other Expenditures	108	111	(3)	
	(g)	Financial Institutions Regulation Branch				
749		Salaries and Employee Benefits	727	716	11	
216		Other Expenditures	151	158	(7)	
3,724		Subtotal 07-1	3,414	3,326	88	
	07-2	TREASURY				
	(a)	Administration				
144		Salaries and Employee Benefits	142	142		
99		Other Expenditures	102	68	34	2
	(b)	Capital Markets				
691		Salaries and Employee Benefits	646	615	31	
72		Other Expenditures	60	55	5	
	(c)	Treasury and Banking Operations				
1,059		Salaries and Employee Benefits	1,005	1,006	(1)	
102		Other Expenditures	93	94	(1)	
2,167		Subtotal 07-2	2,048	1,980	68	

Manitoba Finance

Part A: Expenditure Summary by Appropriation

for the fiscal year ended March 31, 2012 with comparative figures for the previous fiscal year ($000s)

Estimate 2011/2012		Appropriation	Actual 2011/2012	Actual 2010/2011	Increase (Decrease)	Explanation Number
	07-3	COMPTROLLER				
	(a)	Comptroller's Office				
497		Salaries and Employee Benefits	507	379	128	3
87		Other Expenditures	84	84		
	(b)	Internal Audit and Consulting Services				
2,078		Salaries and Employee Benefits	1,907	1,985	(78)	
240		Other Expenditures	217	237	(20)	
	(c)	Disbursements and Accounting				
2,782		Salaries and Employee Benefits	2,784	2,658	126	
812		Other Expenditures	849	881	(32)	
(510)		Less: Recoverable from Other Appropriations	(566)	(547)	(19)	
5,986		Subtotal 07-3	5,782	5,677	105	
	07-4	TAXATION				
	(a)	Management and Research				
2,079		Salaries and Employee Benefits	1,958	1,950	8	
282		Other Expenditures	259	279	(20)	
	(b)	Taxation Administration				
3,334		Salaries and Employee Benefits	2,761	2,950	(189)	
2,874		Other Expenditures	1,253	2,866	(1,613)	4
	(c)	Audit				
6,654		Salaries and Employee Benefits	6,253	6,360	(107)	
1,085		Other Expenditures	924	929	(5)	
	(d)	Tobacco Interdiction				
619		Salaries and Employee Benefits	343	311	32	
200		Other Expenditures	165	121	44	5
17,127		Subtotal 07-4	13,916	15,766	(1,850)	

Manitoba Finance

Part A: Expenditure Summary by Appropriation

for the fiscal year ended March 31, 2012 with comparative figures for the previous fiscal year ($000s)

Estimate 2011/2012		Appropriation	Actual 2011/2012	Actual 2010/2011	Increase (Decrease)	Explanation Number
	07-5	TAXATION, ECONOMIC AND INTERGOVERNMENTAL FISCAL RESEARCH				
	(a)	Economic and Federal-Provincial Research				
2,488		Salaries and Employee Benefits	1,930	2,313	(383)	6
1,345		Other Expenditures	1,270	1,794	(524)	7
	(b)	Manitoba Tax Assistance Office				
505		Salaries and Employee Benefits	364	442	(78)	
118		Other Expenditures	102	90	12	
4,456		Subtotal 07-5	3,666	4,639	(973)	
	07-6	INSURANCE AND RISK MANAGEMENT				
408	(a)	Salaries and Employee Benefits	396	394	2	
66	(b)	Other Expenditures	65	61	4	
2,727	(c)	Insurance Premiums	1,962	1,676	286	8
(2,727)	(d)	Less: Recoverable from Other Appropriations	(1,962)	(1,676)	(286)	8
474		Subtotal 07-6	461	455	6	
	07-7	TREASURY BOARD SECRETARIAT				
	(a)	Treasury Board Secretariat				
6,106		Salaries and Employee Benefits	5,955	5,916	39	
978		Other Expenditures	1,054	1,103	(49)	
	(b)	Fracophone Affairs Secretariat				
1,050		Salaries and Employee Benefits	870	951	(81)	
783		Other Expenditures	649	522	127	9
8,917		Subtotal 07-7	8,528	8,492	36	

Manitoba Finance

Part A: Expenditure Summary by Appropriation

for the fiscal year ended March 31, 2012 with comparative figures for the previous fiscal year ($000s)

Estimate 2011/2012		Appropriation	Actual 2011/2012	Actual 2010/2011	Increase (Decrease)	Explanation Number
	07-08	COSTS RELATED TO CAPITAL ASSETS				
2,424	(a)	Amortization Expense	2,422	2,427	(5)	
729	(b)	Interest Expense	728	844	(116)	
3,153		Subtotal 07- 8	3,150	3,271	(121)	
	07-09	NET TAX CREDIT PAYMENTS				
287,296		Education Property Tax Credit	312,983	274,822	38,161	
39,781		Personal Tax Credit	44,397	43,970	427	
1,523		School Tax Assistance for Tenants and Homeowners (55+)	1,139	1,362	(223)	
1,609		Political Contribution Tax Credit	2,074	1,270	804	
45		Riparian Property Tax Reduction	30	7	23	
1,123		Federal Administration Fee	1,108	1,100	8	
		Less: Recoverable from Education:				
(287,296)		Education Property Tax Credit	(312,983)	(274,822)	(38,161)	
(1,523)		School Tax Assistance for Tenants and Homeowners (55+)	(1,139)	(1,362)	223	
42,558		Subtotal 07- 9	47,609	46,347	1,262	10
	07-10	PUBLIC DEBT				
	(a)	Interest on:				
1,135,939		the Public Debt of Manitoba and related expenses	1,120,398	1,085,049	35,349	
177,280		departments' capital assets	157,820	130,777	27,043	
16,800		Trust and Special Funds	12,671	8,328	4,343	
	(b)	Less: Interest and Other Charges to be received from:				
(80,311)		Sinking Fund Investments	(79,844)	(80,671)	827	
(595,794)		Manitoba Hydro	(580,578)	(548,930)	(31,648)	
(26,669)		Manitoba Housing and Renewal Corporation	(27,359)	(26,802)	(557)	
(17,108)		Manitoba Agricultural Credit Corporation	(15,708)	(16,370)	662	
(11,998)		Other Government Agencies	(25,053)	(30,080)	5,027	
(93,918)		Other Loans and Investments	(98,048)	(88,168)	(9,880)	
(246,436)		Other Appropriations	(227,888)	(199,933)	(27,955)	
257,785		Subtotal 07-10	236,411	233,200	3,211	11
346,347		Total Expenditures	324,985	323,153	1,832	

Expenditure Variance Explanations

for expenditures for the fiscal year ended March 31, 2012 as compared to figures for the previous fiscal year

Explanation Numbers:

1. Decrease is due to reduced legal costs and the consolidation and collocation of office space.
2. Increase is due to computer upgrades.
3. Increase is due to decreased position vacancies.
4. Under expenditure is primarily due to no provision being required in 2011/2012 for the allowance for doubtful accounts.
5. Increase is due to increased legal and travel costs.
6. Decrease is due to position vacancies.
7. Decrease is primarily due to non-recurring costs related to the Council of the Federation Conference held in Winnipeg in August 2010.
8. Increase is due to increase in aircraft hull and liability coverage.
9. Increase is primarily due to the establishment of the 6th Bilingual Service Centre (BSC) and renovations at the BSCs.
10. Increase is due to natural program growth and the increase in the Education Property Tax Credit from $650 to $700.
11. Increase reflects adjustments for interest and other charges.

Manitoba Finance

Revenue Summary by Source

for the fiscal year ended March 31, 2012 with comparative figures for the previous fiscal year ($000s)

Actual 2010/2011	Actual 2011/2012	Increase (Decrease)		Source	Actual 2011/2012	Estimate 2011/2012	Variance	Expl. No.
				TAXATION				
2,591,828	2,682,506	90,678	a	Individual Income Tax	2,682,506	2,724,800	(42,294)	1
329,918	423,598	93,680	b	Corporation Income Tax	423,598	423,400	198	2
225,119	186,036	(39,083)	c	Corporations Taxes	186,036	188,000	(1,964)	3
241,423	240,352	(1,071)	d	Fuel Taxes	240,352	247,200	(6,848)	4
373,944	396,199	22,255	e	Levy for Health and Education	396,199	395,400	799	5
64	71	7		Mining Claim Lease Tax	71	72	(1)	
41,954	61,442	19,488	f	Mining Tax	61,442	35,000	26,442	6
1,618,412	1,702,233	83,821	g	Retail Sales Tax	1,702,233	1,671,100	31,133	7
3	0	(3)		Succession Duty and Gift Tax	0	0	0	
233,657	248,591	14,934	h	Tobacco Tax	248,591	253,400	(4,809)	8
3,520	3,588	68	i	Environmental Protection Tax	3,588	3,200	388	
5,659,842	5,944,616	284,774		Subtotal	5,944,616	5,941,572	3,044	
				OTHER REVENUE				
14,792	4,758	(10,034)	a	Recovery of Prior Years' Expenditures	4,758	4,500	258	9
1,168	1,169	1	b	Insurance Act Fees and Cost Recovery	1,169	1,160	9	
306	283	(23)	c	Trust and Loan Fees	283	245	38	
6,604	1,851	(4,753)	d	Sundry	1,851	1,629	222	
22,870	8,061	(14,809)		Subtotal	8,061	7,534	527	
				GOVERNMENT OF CANADA				
2,001,518	1,941,727	(59,791)	a	Equalization	1,941,727	1,941,700	27	10
948,896	999,852	50,956	b	Canada Health Transfer (CHT)	999,852	1,002,200	(2,348)	11
404,249	417,059	12,810	c	Canada Social Transfer (CST)	417,059	416,000	1,059	12
12,189	9,100	(3,089)	e	Transitional Payment- Corporation Capital Tax Phase-Out	9,100	0	9,100	13
2,321	2,320	(1)	f	Government of Canada Subsidy	2,320	2,298	22	
3,369,173	3,370,058	885		Subtotal	3,370,058	3,362,198	7,860	
9,051,885	9,322,735	270,850		Total	9,322,735	9,311,304	11,431	

Revenue Variance Explanations
for the fiscal year ended March 31, 2012

Explanation Number:

1. **Individual Income Tax:** $90,678 over 2010/2011 Actual
   $42,294 under 2011/2012 Estimate

   Under the provisions of the Tax Collection Agreement between the Governments of Canada and Manitoba, based on estimates, Finance Canada makes advance payments for the tax years falling within the fiscal year. At the end of each year, adjustments to prior years are made based on actual tax returns assessed by Canada Revenue Agency.

   Increase from 2010/2011 actual is primarily due to an increase of in-year entitlements as national taxable income increased.

   Decrease from 2011/2012 estimate is primarily due to a decrease of in-year entitlements as well as prior year's adjustments.

2. **Corporation Income Tax:** $93,680 over 2010/2011 Actual

   Increase in Corporation Income Tax is due to several factors. First, in-year entitlements increased as national CTI increased from $186.5B in the 2010 Third Estimate of Payments to $228.7B in the 2011 Third Estimate of Payments. As well, year-end adjustments included the Preferred Share Dividend Tax that increased from $2.8M in 2010/2011 to $8.9M in 2011/2012. Finally, there was a significant difference in the prior year's adjustments between the two fiscal years - $19.4M for fiscal year 2010/2011 and $40.4M for fiscal year 2011/2012.

3. **Corporations Taxes:** $39,083 under 2010/2011 Actual
   $1,964 under 2011/2012 Estimate

   Decrease is primarily due to the continued phase-out of the general Corporations Capital Tax.

4. **Fuel Taxes:** $1,071 under 2010/2011 Actual
   $6,848 under 2011/2012 Estimate

   Decrease is due to reduced fuel consumption resulting from increased cost of fuel.

5. **Levy for Health and Education:** $22,255 over 2010/2011 Actual
   $799 over 2011/2012 Estimate

   Increase is due to employment growth and wage settlements.

Revenue Variance Explanations
for the fiscal year ended March 31, 2012

Explanation Number:

6. **Mining Tax:** $19,488 over 2010/2011 Actual
$26,442 over 2011/2012 Estimate

Increase is due to increased profits resulting from high metal prices.

7. **Retail Sales Tax:** $83,821 over 2010/2011 Actual
$31,133 over 2011/2012 Estimate

Increase is due to economic growth, price increases and increased audit recoveries.

8. **Tobacco Tax:** $14,934 over 2010/2011 Actual
$4,809 under 2011/2012 Estimate

Increase from 2010/2011 actual is primarily due to an increase in tax rates.

Decrease from 2011/2012 estimate is due primarily to reduced consumption resulting from increased cost of tobacco products.

9. **Recovery of Prior Years' Expenditures:** $10,034 under 2010/2011 Actual

This account reflects the recognition, in the current year, of revenue arising from the credit adjustment to expenditures made in a prior year for all government departments. Prior year credit adjustments are accounted for on a prospective basis – that is, they are recognized as revenue in the year the adjustment becomes known and is measurable.

Decrease from 2010/2011 actual essentially reflects adjustments for prior year expenditure accruals.

10. **Equalization:** $59,971 under 2010/2011 Actual

Decrease from 2010/2011 actual is due to Manitoba's relatively strong economic performance and also the payment cap imposed on the program by the federal government in November 2008 that limits growth in total Equalization to growth in nominal GDP.

Revenue Variance Explanations
for the fiscal year ended March 31, 2012

Explanation Number:

11. **Canada Health Transfer (CHT):** $50,956 over 2010/2011 Actual
$2,348 under 2011/2012 Estimate

Increase from 2010/2011 actual is due to Manitoba's share of increased federal cash transfers for health under the 2004 First Ministers Meeting on Health.

Decrease from 2011/2012 estimate is due to revisions to the data inputs (population, Basic Federal Tax and Corporate Taxable Income) used to derive provincial CHT entitlements.

12. **Canada Social Transfer (CST):** $12,810 over 2010/2011 Actual
$1,059 over 2011/2012 Estimate

The CST provides support to provinces and territories for social services, child care programming and post-secondary education. The 2007 federal budget moved the program to an equal per capita cash allocation methodology.

Increase is due to revisions to the data inputs (population, Basic Federal Tax and Corporate Taxable Income) used to derive provincial CST entitlements.

13. **Transitional Payment - Corporation Capital Tax Phase-Out:** $3,089 under 2010/2011 Actual
$9,100 over 2011/2012 Estimate

Decrease from 2010/2011 actual is due to the federal incentive payments for the Corporation Capital Tax Phase-Out program.

Increase from 2011/2012 estimate is due to the federal incentiive payments.

Manitoba Finance

Five-Year Operating Expenditure and Staffing Summary by Main Appropriation

for the fiscal years ended March 31, 2008 to March 31, 2012 *

Main Appropriation		2007/2008		2008/2009		2009/2010		2010/2011		2011/2012	
		FTEs	$000s	FTEs	$000s	FTEs	$000s	FTEs	$000s	FTEs	$000s
Finance:											
07-1	Administration and Finance	36.75	2,725	38.75	3,320	38.75	3,262	39.65	3,326	40.65	3,414
07-2	Treasury	25.00	1,821	25.00	1,764	25.00	1,850	26.00	1,980	26.00	2,048
07-3	Comptroller	77.00	5,380	76.00	6,006	76.00	5,891	73.00	5,677	73.00	5,782
07-4	Taxation	196.50	17,487	196.50	17,688	196.50	17,996	194.50	15,766	194.50	13,916
07-5	Taxation, Economic and Intergovernmental Fiscal Research	33.25	4,093	31.25	4,295	31.25	4,092	34.25	4,639	34.25	3,666
07-6	Insurance and Risk Management	5.20	420	5.20	460	5.20	489	5.20	455	5.20	461
07-7	Treasury Board Secretariat	84.00	7,247	86.00	8,211	88.00	8,516	89.00	8,492	89.00	8,528
07-8	Costs Related to Capital Assets		3,798		3,497		3,379		3,271		3,150
Total Departmental Operating Appropriations		457.70	42,971	458.70	45,241	460.70	45,475	461.60	43,606	462.60	40,965
07-9	Net Tax Credit Payments		44,397		41,335		41,941		46,347		47,609
07-10	Public Debt (Statutory)		251,033		241,576		240,194		233,200		236,411
Total Appropriations		457.70	338,401	458.70	328,152	460.70	327,610	461.60	323,153	462.60	324,985

* Actual expenditures have been adjusted for comparative purposes. Adjustments are for: i) the transfer in 2008/2009 of Federal-Provincial Relations from Entrepreneurship, Training and Trade; ii) the consolidation and transfer in 2009/2010 of classification services to Treasury Board Secretariat from Conservation and Water Stewardship, Culture, Heritage and Tourism, Education, Family Services and Labour, Health; Healthy Living, Seniors and Consumer Affairs; Infrastructure and Transportation, Local Government, Justice and the transfer of Consumer and Corporate Affairs to Family Services and Labour; iii) the transfer in 2010/2011 of Human Resource Services to the Civil Service Commission; and iv) the transfer in 2011/2012 of resources associated with ICT restructuring to Innovation, Energy and Mines, and transfer of Financial Institutions Regulations Branch from Family Services and Labour.

PERFORMANCE REPORTING

The following section provides information on key performance measures for the department for the 2011/2012 reporting year. This is the seventh year in which all Government of Manitoba departments have included a Performance Measurement section, in a standardized format, in their Annual Reports.

Performance indicators in departmental Annual Reports are intended to complement financial results and provide Manitobans with meaningful and useful information about government activities, and their impact on the province and its citizens.

For more information on performance reporting and the Manitoba government, visit www.manitoba.ca/performance.

Your comments on performance measures are valuable to us. You can send comments or questions to mbperformance@gov.mb.ca.

What is being measured and using what indicator?	Why is it important to measure this?	Where are we starting from (baseline measurement)?	What is the 2011/2012 result or most recent available data?	What is the trend over time?	Comments/recent actions/report links
Collection rate of statutory taxation revenues (excluding personal and corporate income taxes) owing to the province by comparing revenue amounts collected to amounts owing.	The effectiveness of these activities is directly related to the protection of provincial revenues in the face of technological change in the marketplace, and increasingly aggressive tax planning by business and tax professionals.	99.8% of amounts owing to the province were collected in 2005/2006.	99.9% of amounts owing to the province were collected in 2011/2012.	The department strives to continually enhance collection enforcement legislation and processes which should result in the write-off percentage remaining relatively consistent at this level over time.	
The province's Financial Management on a summary basis using an unqualified audit opinion that maintains the financial reputation of the province.	Audits are provided by the Auditor General of Manitoba, an arm's length officer of the Legislature, and are considered an important tool in ensuring transparency	2008/2009 Public Accounts -- Unqualified audit opinion	2010/2011 Public Accounts -- Unqualified audit opinion	The province has consistently achieved an unqualified audit opinion since 1999/2000.	

What is being measured and using what indicator?	Why is it important to measure this?	Where are we starting from (baseline measurement)?	What is the 2011/2012 result or most recent available data?	What is the trend over time?	Comments/recent actions/report links
The province's ability to borrow at a cost-effective rate by examining the credit rating for the province.	This measure is a key independent, third-party assessment of the province's credit-worthiness and is an important consideration for investors in Manitoba government bonds and other securities.	Ratings as at March 31, 2002 are: • Aa3 (Stable) Moody's Investors Service • AA- (Stable) Standard & Poor's • A (Positive Outlook) Dominion Bond Rating Service	Ratings as at March 31, 2012 are: • Aa1 (Stable) Moody's Investors Service • AA (Stable) Standard & Poor's • A (High) (Stable) Dominion Bond Rating Service	Manitoba continues to maintain its reputation for fiscal responsibility. This performance has been reflected by means of six credit rating improvements since 2002.	Credit rating agencies acknowledge that the current economic environment will impact net debt to GDP ratios of provinces but the implementation of Manitoba's economic recovery plan has resulted in stable credit ratings.

The Public Interest Disclosure (Whistleblower Protection) Act

The Public Interest Disclosure (Whistleblower Protection) Act came into effect in April 2007. This law gives employees a clear process for disclosing concerns about significant and serious matters (wrongdoing) in the Manitoba public service, and strengthens protection from reprisal. The Act builds on protections already in place under other statutes, as well as collective bargaining rights, policies, practices and processes in the Manitoba public service.

Wrongdoing under the Act may be: contravention of federal or provincial legislation; an act or omission that endangers public safety, public health or the environment; gross mismanagement; or, knowingly directing or counselling a person to commit a wrongdoing. The Act is not intended to deal with routine operational or administrative matters.

A disclosure made by an employee in good faith, in accordance with the Act, and with a reasonable belief that wrongdoing has been or is about to be committed is considered to be a disclosure under the Act, whether or not the subject matter constitutes wrongdoing. All disclosures receive careful and thorough review to determine if action is required under the Act, and must be reported in a department's annual report in accordance with Section 18 of the Act.

The following is a summary of disclosures received by Manitoba Finance for fiscal year 2011/2012:

Information Required Annually (per Section 18 of The Act)	**Fiscal Year 2011/2012**
The number of disclosures received, and the number acted on and not acted on. *Subsection 18(2)(a)*	**NIL**
The number of investigations commenced as a result of a disclosure. *Subsection 18(2)(b)*	**NIL**
In the case of an investigation that results in a finding of wrongdoing, a description of the wrongdoing and any recommendations or corrective actions taken in relation to the wrongdoing, or the reasons why no corrective action was taken. *Subsection 18(2)(c)*	**NIL**